2000 Annual Report

Job Protection Commission

BRITISH COLUMBIA

DOC
BC
J62
B
2000
c.3

LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00274 3319

103-03252/

Honourable Iona Campagnolo

Lieutenant-Governor

Province of British Columbia

May It Please Your Honour:

I am respectfully submitting the Annual Report for the Job Protection Commission for the last full year of the previous administration ending December 31, 2000, fulfilling my obligation as the Minister responsible.

Rick Thorpe

Minister of Competition, Science and Enterprise

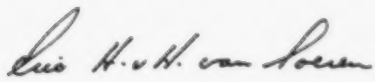
The Honourable Rick Thorpe

Minister of Competition, Science and Enterprise

Province of British Columbia

Sir:

I am pleased to submit my report of the activities of the Job Protection Commission for the period January 1, 2000 to December 31, 2000.



Eric van Soeren

Job Protection Commissioner

TABLE OF CONTENTS

Report of the Job Protection Commissioner 1

Activities Summary 2

Expenditure Statement 4

Professional Services Summary 5

Special Projects - General 6

BC Greenhouse Industry 7

Northwest Forest Industry Strategy 7

School District #70 Alberni 8

Approvals Completed: 9

Economic Plans 9

AgriMarine Processing Inc. 10

Biport Forest Products Ltd. 11

Boyle and Dean Logging Ltd. 12

Bridgeside Higa Forest Industries Ltd. 13

C GED Forest Products Ltd. 15

Cattermole Timber 17

Copper Bay Contracting Ltd. 18

Franklin Forest Products Ltd. 19

Gwa'Sala-'Nakwaxda'xw Timber Corp. 21

Hayes Forest Services Ltd. 22

Ivis Wood Products Ltd. 23

J.S. Jones Timber Ltd. 24

Lakeside Pacific Forest Products Ltd. 26

Lineham Logging Ltd. 27

McBride Forest Industries Ltd. 28

Murch Timber Ltd. 30

O'Brien & Fuerst Logging Ltd. 31

Pearl Seaproducts Inc. #1, #2, #3 33

S.W.C. Holdings Ltd. #2 35

Sim Gan Forest Corporation 36

Simpcw Development Co. Ltd. 37

Slocan Forest Products Ltd.'s Fibreco Pulp Mill 40

Thomson Industries Ltd. #2 42

Toquaht Enterprises Ltd. 44

Triumph Timber Ltd. 45
West Coast Forest Products Ltd. 46
Approvals Completed: 48
Mediation Plan 48
Ocean Blue Cedar Products Ltd. 49
Counselling: 52
Central Interior Log Sort Ltd. 53
Gibraltar Mines Ltd. 53
Huckleberry Mines Ltd. 53
Louis Russo, S & O Sawmills et al 54
Methanex Corporation 55
Mount Polley Holding Company Ltd. 55
North Vancouver Airlines Ltd. et al 56
Omega Packing Ltd. 56
Pacific Western Brewing 56
Quintette Coal Limited 57
Re-Con Building Products Inc. 58
Takla Development Corporation 58
Thompson Creek Mining Ltd. 59
UAS Industries Ltd. 59
Strategic Industries 60
Acts and Charters 61

REPORT OF THE JOB PROTECTION COMMISSIONER

The Job Protection Commission (JPC) experienced a busy year in 2000, with assistance provided to operations in a variety of industries. We worked with companies in brewing, logging, pulp production, saw milling, value added forest products, petrochemical production, mining, manufacturing, transportation, the greenhouse industry, oyster farming and fish products processing.

Much of the JPC activity in the forest industry was caused by continuing weakness in Asian lumber markets, and restricted access to US markets because of the Softwood Lumber Agreement. These factors depressed prices so much that in a number of cases JPC assistance was required to help companies increase revenues or lower costs enough to justify operating at all. In the mining industry, commodity prices increased enough to allow some mines to stay open, but not enough to justify expansion or restart of an existing mine that has been under care and maintenance. At the end of the year there was a major run up in natural gas prices, to the extent that many industries that consume large volumes of gas were facing huge losses and were forced to curtail operations. In particular, the green house industry, which employs approximately 10,000 people in British Columbia, was very hard hit, and asked for the involvement of the JPC to help find a solution to its problems.

The plans the JPC developed often helped companies increase revenues or reduce their cash costs of operations. In other cases, we helped companies obtain new debt or equity financing or deferrals from both private and public sector sources. We were also able to facilitate participation by municipalities, the Province, the federal government, and labour.

The intent of our assistance was to help the companies bridge through to a time when prices and market access improve. The result of the Economic Plans we developed was that jobs were saved at a fish processing plant, an oyster farm, and at 24 companies that were involved at various levels with the forest industry.

JPC Economic or Mediation Plans require the participation of as many of the material stakeholders as possible to make them successful. This year, many of the plans did not require incremental financial commitments from stakeholders, and in particular government. Rather, they called for flexibility on the part of government, labour and industry participants to facilitate economic activity that could not have happened without these Economic Plans. Where new funding or deferrals of existing debt were required, the private sector provided 84 per cent, the province provided 10.7 per cent, the federal government provided 3 per cent, labour provided 2 per cent and municipalities provided 0.3 per cent of those financial commitments. Over the life of the JPC the private sector component has made up approximately 66 per cent of the financial commitments of JPC plans, with the province having often added the incremental financial or regulatory assistance to allow a plan to be completed.

The JPC continues to enjoy exceptional cooperation from the many federal, provincial, municipal and private sector organizations with which we interact on a daily basis. As a result, during 2000 we were able to develop and bring to completion 28 Economic Plans, one Mediation Plan, provide counseling services to 14 companies, and work on three special projects. In total this helped to maintain 12,709 jobs in British Columbia during 2000.

I want to close by acknowledging and thanking the full and part time JPC staff consisting of John Auld, Art Fink, Janet Friesen, Denis MacAree, and Ed Sorel for their hard work and perseverance during the year. They have made it possible for the Commission to continue to carry out its mandate of protecting jobs in British Columbia by helping viable but financially troubled companies restructure rather than close down.

ACTIVITIES SUMMARY

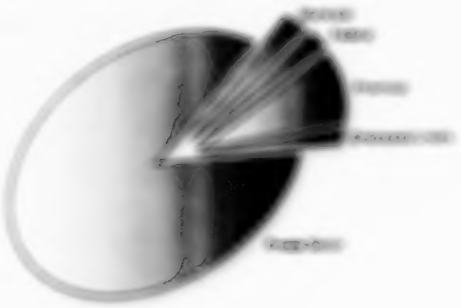
During calendar 2000, the Commission received 87 enquiries (103 in 1999, 154 in 1998), which resulted in 46 projects in total. Of these, 28 Economic Plans and one Mediation Plan were achieved, which resulted in 1,923 jobs being saved (4,908 in 1999, 3,223 in 1998). In addition, consulting services that were provided to 14 companies, plus three special projects, helped maintain an additional 13,709 jobs (7,466 in 1999, 5,243 in 1998).

The distinction between jobs saved and jobs maintained is that the jobs saved number only includes companies for which a formal Economic or Mediation Plan was developed, or which were part of a special funding project delivered by the IPC. The jobs maintained number only includes jobs in companies which received consulting or business advice that resulted in jobs being maintained within those companies. In cases where the jobs were lost or where they remained but with little or no assistance from the IPC, the jobs numbers are only included in the jobs involved number.

Since its inception in March 1991, the Commission has received 1,617 enquiries. These led to 1,009 projects/cases, approximately 30,100 jobs maintained and 22,691 jobs saved. In total, the Commission has dealt with businesses involving 56,367 jobs.

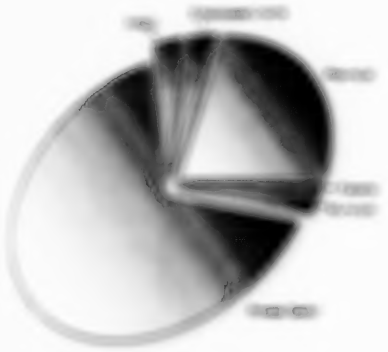
The following pie charts represent funding allocations by the various contributors to Economic and Workforce Plans for 2000 and the period 1991 to 2000.

Financial Participation in EPS Plans During Calendar Year 2000



Provincial	10%
Federal	5.7%
Municipal	3%
Private Sector	80%
Employees/Unions	2%
Other	0%
TOTAL	100%

Funding Participation in EPS Plans 1991 - 2000



Provincial	30%
Federal	4%
Municipal	2%
Private Sector	60%
Employees/Unions	3%
Other	1%
TOTAL	100%

[illegible]

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

[illegible]

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

[redacted]

- [redacted]
- [redacted]
- [redacted]

SPECIAL PROJECTS - GENERAL

BC Greenhouse Industry

The BC greenhouse industry, which includes vegetable growers (tomatoes, peppers and cucumbers), floriculture, nursery growers and forest seedling production, is relatively large and includes a substantial export component.

The majority of the greenhouse operators are dependent upon natural gas as an energy/CO2 source for heat and CO2 production. The dramatic escalation in the cost of natural gas towards the end of 2000 eliminated profit margins and reduced most operations utilizing natural gas to a loss position. Consequently, until gas prices stabilize and adjustments can be made, the continuation of at least the vegetable and floriculture components of the industry is considered to be in jeopardy.

Representatives from the industry approached the JPC to seek assistance in identifying and developing ways of supporting producers. Accordingly, studies of the financial situation of the industry and of the potential for alternative energy sources were commissioned with KPMG Consulting LP and Stothert Engineering Ltd. These studies were funded by the BC Hothouse Growers Association, the Ministry of Agriculture, Food and Fisheries, and the JPC.

Upon receipt of preliminary findings, the Provincial Minister of Agriculture deemed the BC Greenhouse industry to be in distress and thereby made the Provincial Farm Distress Operating Loan Guarantee (FDLOG) Program available to facilitate immediate loans through the growers' existing banking connection to meet working capital requirements. Where the amounts required were such that the Ministry could not accommodate the amount of the request for assistance, a JPC Mediation Plan could be utilized to permit a larger size of loan.

The technical energy/alternative fuel report has served as a basis for a number of industry meetings which hopefully will result in the development of waste co-generation or other energy saving options in the future.

Northwest Forest Industry Strategy

The forest industry in northwestern British Columbia has not been competitive for many years and for a number of reasons, including high fibre costs and poor quality timber. The situation threatens the jobs of those employed directly or indirectly in the forest industry, and puts entire communities at risk. In response to this problem, the provincial government hired Wes Cheston, a forestry consultant, to analyze the factors that had diminished the performance of the local forest industry. The consultant was to propose a plan to regain competitiveness. His report concluded that the government would need to intervene in order to enable the industry to survive in the northwest.

During the year a Northwest strategy was developed by Ministry of Forest staff, based on the experience of a dozen Job Protection Commission (JPC) Economic Plans, the Wes Cheston report, and initial input from industry, the JPC and the Northern Development Commission. The proposed strategy has two parts:

1. Negotiate interim Economic Plans under the *Job Protection Act* for up to five years that offer modest improvements in costs and log values, and;

2. Concurrently continue efforts to revise forestry policies appropriate to the Northwest's forest profile.

The proposed strategy is not expected to eliminate the likelihood of industry mill closures, as some areas may remain persistently marginal. However, an improved cost structure and progressive policies are expected to allow the Northwest industry to find its highest economic equilibrium and create greater stability for Northwest communities.

In November 2000, the Minister of Forests announced the Northwest Forest Industry Strategy. The long term plan called for change through policy development and stakeholder consultations. In the meantime, the major forest companies were encouraged to negotiate multi-year Economic Plans to obtain interim improvements in costs and log values.

By year end, the JPC had commenced working on Economic Plans for nine different forest products companies in the northwest.

School District #70 Alberni

The School District #70 Alberni (SD #70) approached the JPC for support in reliance of the terms of an Accord reached between the Government of British Columbia, the Canadian Union of Public Employees (CUPE) and the British Columbia Public School Employers' Association (BCPSEA) covering policy issues pertaining to support staff, including employment security. A clause contained in that Accord states that where the Job Protection Commissioner has acknowledged a serious job decline in a school district, the Government has committed to establish a fund which can be accessed to stabilize support staffing. The Government has also committed to maintain funding for all square meters in open schools whether or not the schools are fully utilized. SD #70 claimed that it had experienced dramatic declines in attendance and attributed the decline to job losses in the district. Following discussions with the Ministry of Education (MOE), the conclusion was reached that while enrollment had declined over several years in SD #70, the JPC participation was not required as the decline had been gradual over the past six years. The enquiry was referred to the MOE for its attention.

APPROVALS COMPLETED

Economic Plans

- AgriMarine Processing Inc.
- Biport Forest Products Ltd.
- Boyle and Dean Logging Ltd.
- Bridgeside Higa Forest Industries Ltd.
- C GED Forest Products Ltd.
- Cattermole Timber
- Copper Bay Contracting Ltd.
- Franklin Forest Products Ltd.
- Gwa'Sala-'Nakwaxda'xw Timber Corp.
- Hayes Forest Services Ltd.
- Ivis Wood Products Ltd.
- J.S. Jones Timber Ltd.
- Lakeside Pacific Forest Products Ltd.
- Lineham Logging Ltd.
- McBride Forest Industries Ltd.
- Murch Timber Ltd.
- O'Brien & Fuerst Logging Ltd.
- Pearl Seaproducts Inc. #1
- Pearl Seaproducts Inc. #2
- Pearl Seaproducts Inc. #3
- S.W.C. Holdings Ltd.
- Sim Gan Forest Corporation
- Simpcw Development Co. Ltd.
- Slocan Forest Products Ltd.'s Fibreco Pulp Mill
- Thomson Industries Ltd.
- Toquaht Enterprises Ltd.
- Triumph Timber Ltd.
- West Coast Forest Products Ltd.

ECONOMIC PLANS

AgriMarine Processing Inc.

The AgriMarine group, involved in the aquaculture industry, was formed in the mid 1980's by a group of major private investors, VCC investors and limited partners. The business initially consisted of a fish hatchery and salmon farming operation and later integrated with a salmon smoking plant and multi-purpose fish processing plant. A private sales brand was also established.

As a result of a series of plankton blooms that damaged the salmon stocks, severe losses were experienced in 1994 and again in 1996/97, resulting in the sale of hatchery and farm operations. The company was reorganized and processing operations continued under ownership by A.R. Holdings, a private investor. During 1998/99 the plant, located in the Campbell River area, operated with improving results by processing salmon and by developing new fish products. However, working capital pressure mounted and some required capital expenditures emerged. During the 1998/2000 period, continuous financial support was required by A.R. Holdings Ltd.

In 2000 the Limited Partnership arrangement was being wound down and A.R. Holdings was unable to provided the same degree of support provided in the past. The Job Protection Commission undertook negotiations with A.R. Holdings, Fisheries Renewal BC, Community Futures Development Corp and the UFAW. An Economic Plan was developed under the *Job Protection Act*, to provide the operation with a measure of short term relief by arranging a deferment of the property taxes, water and sewer charges, while the operation continued to take steps to enhance its earnings ability. These actions, together with the major assistance arranged through the other stakeholders endorsing the Plan, would provide reasonable potential for continuing employment opportunities for the workforce of some 150 or more by assisting the company to maintain orderly operations.

Components of the Plan:

1. The District of Campbell River agreed to defer for two years 1999 property taxes and accrued utility charges plus 50 per cent of 2000 property taxes and utility charges. Interest would be charged on the deferred amounts and repayment would be through two subsequent equal annual payments.

2. The United Fishermen and Allied Workers Union confirmed an agreement to defer company pension plan contributions and postpone payment of a scheduled wage increase until Mar. 13, 2000, deferred payments being subject to company profitability as defined in the Agreement of Mar. 11, 1999.

3. Fisheries Renewal BC confirmed it had approved and would provide $50,000 upon suitable accounting to assist in developing marketable products from chum salmon.

4. Community Futures Development Corp. of Strathcona confirmed it had approved and would provide $250,000 upon suitable accounting towards the capital costs and marketing needed to facilitate the processing of chum salmon products.

5. A.R. Holdings Ltd. agreed to defer any withdrawal of advances to AgriMarine Processing Inc. as at Dec. 31, 1998, until Jan. 3, 2003, and to defer accruing interest of approximately $7,000 per month on the interest-bearing advances during 1999 and 2000.

6. AgriMarine Processing Inc. committed to the repayment schedule for any deferred payments, and agreed that the obligation to repay any balances resulting from the agreements in this Economic Plan would survive the expiration of this Economic Plan.

Date Authorized:	Sept. 30, 1999
Date Amended:	Dec. 15, 1999
Date in Force and Effect:	Jan. 31, 2000

Biport Forest Products Ltd.

Biport Forest Products Ltd., in association with the Logex Group (related companies) logged in the Prince Rupert area for 16 years. As a result of over expansion and a collapse of the log market, unserviceable term debts and major trade accounts accumulated. The Bank of Montreal took steps to realize on its security and allowed Biport to retain conduct of the liquidation of assets.

Good progress was made reducing the Bank of Montreal loans from some $2.1million in 1998 to about $400,000, and the remaining marine assets plus a charge on the principal's home were held as coverage for this remaining balance. On the other hand, approximately $45,000 in statutory claims, $168,000 owing to trade creditors, about $150,000 owing to a sawmill/customer and approximately $570,000 (including interest) owing by the now dormant (related) Sommerville Resources Ltd. to the Ministry of Forests (MoF) remained outstanding with no apparent means of payment. These debts were owed separately by different companies in the group but the group was willing to share resources to reduce as much indebtedness as possible, regardless of a possible lack of individual corporate responsibility to make those payments.

Biport held a timber licence for 37,000 m3 in the Prince Rupert area that was nearing its expiry date and was of questionable viability without a 40 per cent log export component. If the expiry date is extended and 40 per cent export approved, Biport could retain the use of the remaining major equipment, harvest the timber, and creditors may accept discounted payments and reduce or retire debt that might otherwise be abandoned. Mill and Timber Ltd., the major customer for cedar logs, agreed to provide further financial support to the group to restart the operations. In exchange, they would see a reduction in their advances from the proceeds of the log sales and would be able to purchase all of the cedar logs (estimated at 10,000 m3) from the Goat Harbour harvest.

An Economic Plan was developed with the cooperation of the two major creditors of the group of related companies, to assist Biport Forest Products Ltd. in reestablishing a logging operation thereby restoring 15 to 20 direct jobs. If existing debts could be reduced to a manageable level, it was hoped that the principal would be able to continue the reestablished logging operation and to proceed with longer term plans for the completion of a small value-added timber processing facility.

Components of the Plan:

1. Ministry of Forests (MoF) agreed to extend the expiry date of the 37,000m3 (approx.) Goat Harbour Timber Licence TO333 from June 2000 to June 2001 and to the export of up to 40 per cent of the eligible logs from the harvest. This agreement was conditional upon the Ministry of Forests receiving a portion of the revenue from the sale of the logs, in excess of set stumpage and operating costs, which would go to reduce previously incurred stumpage arrears. In addition to current stumpage charges, MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and could impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Mill and Timber Ltd. agreed to provide operating capital, either by way of advances or subcontracting, to permit the harvest of the Goat Harbour timber, and to purchase all of the cedar logs, estimated at 10,000 m3, from the Goat Harbour timber and process them at their Delta cedar mill. It also agreed to accept reduction/repayment of its outstanding advances to a maximum of $150,000 from the net revenues of the sale of logs from the Goat Harbour license on the basis of 25 per cent of invoice sales after fees in lieu of manufacturing less current stumpage and operating costs of $90/m3.

3. Biport Forest Products Ltd. agreed to make payments to MoF on current stumpage as those charges became due, and to make payments to MoF to reduce the arrears stumpage account for Sommerville Resources Ltd., and to retire past advances from Mill and Timber Ltd. based on the formula. For export, Biport agreed to make payments of current stumpage, fee in lieu of manufacturing and arrears stumpage prior to shipment.

Date Authorized: Apr. 13, 2000
Date in Force and Effect: May 29, 2000

Boyle and Dean Logging Ltd.

Boyle and Dean Logging Ltd. (BDL) is part of the Clarke Group of companies. The company holds Forest Licence A16838 in the North Coast Forest District and employs 15 people. BDL was the subject of an Economic Plan dated Aug. 4, 1999, because it found it uneconomic to harvest and sell its fibre exclusively into the domestic market. The harvesting was to be completed by Dec. 31, 1999.

The geographic location of the licence restricted the time that the company could conduct harvesting. In addition, the company was required to build four km. of road which further delayed last years' harvesting. The company was only able to harvest 15,890 m3 before the end of 1999. Of this harvest, the company exported approximately 7,000 m3. The company proposed to complete harvesting cutting permits 20 and 21 by July 15, 2000. Based upon domestic prices at the time, the company would lose an excessive amount unless it could export. The proposal was that the company would be permitted to sell 11,754 m3 into the export market (50 per cent) while the remaining 11,761 m3 (50 per cent) would be available for domestic consumption. This would reduce the company's estimated accounting operating loss to an acceptable level.

The purpose of this Economic Plan was to address the economic dilemma that the company was facing while generating economic activity in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in furtherance of the Aug. 4, 1999 Economic Plan for BDL and in order to stimulate logging activity and to increase the supply of logs for domestic mills, agreed to consider the approval of one or more ministerial orders for the export of a maximum of 50 per cent of the timber harvested from Forest Licence A16838, cutting permits 20 and 21, with 50 per cent going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and Oct. 31, 2000, if the Minister or his designate was satisfied that the timber from the lots was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province. MoF stated that they required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and could impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Boyle and Dean Logging Ltd. agreed to apply best efforts to entirely harvest timber from Forest Licence A16838, cutting permits 20 and 21 by July 31, 2000 and to offer at least 50 per cent of the timber harvested from those cutting permits to the domestic industry and to maintain a level of employment consistent with the planned manning requirements. It also agreed to keep its stumpage account current at all times, and provide the monthly employment statistics for Forest Licence A16838 to the Job Protection Commission.

3. The Truck Loggers' Association endorsed the plan.

Date Authorized: Mar. 17, 2000
Date in Force and Effect: May 23, 2000

Bridgeside Higa Forest Industries Ltd.

Bridgeside Higa Forest Industries Ltd. (Bridgeside) established a lumber remanufacturing operation in Lillooet in 1986. It employs 50 people. By 1996 the company, a major employer in the Lillooet area, had established annual sales of approximately $10 million, primarily to Japan and Taiwan, and was profitable. In 1997, the company embarked on a major ($2 million) expansion to add a precision cutting saw line and European finger jointing equipment.

Before any benefits could be realized from the expansion, their major markets collapsed with resulting substantial losses in the fiscal years ended Jan. 31, 1998 and 1999. However, by mid 1999 markets were starting to recover, enhanced by a shift to different, higher priced product lines that could be produced from the expanded and diversified plant. While the losses in fiscal 1998 and 1999 drained the company's resources, steps were taken to strengthen working capital through additional shareholder support and negotiations with the chartered bank. Future prospects appeared promising but working capital remained tight, due in part to growth in sales. The work force had been cut to approximately 50 in early 1998 when sales reached their lowest level but was later restored to approximately 80 workers. Training on the new equipment was undertaken during the slow periods. This increased costs and losses in the period, although $450,000 was provided under the Transitional Jobs Fund to partly offset the training expenses. By 2000, the company was well placed to take advantage of available markets providing its financial position could be maintained and/or strengthened.

In cooperation with the Ministry of Forests (MOF), Bridgeside was successful in acquiring two timber sale licenses and was able to presell its potential profits on log sales to two major forest operators in the area. These arrangements provided substantial working capital relief. In addition, the company applied for and received an allocation of hardship quota through the US/Canada Softwood Lumber Agreement, supplementing its US market. Recognizing the importance of the operation to the area, the District of Lillooet was asked to provide a deferral of a portion of amounts due on property taxes.

This Economic Plan was developed to strengthen working capital to support growing sales levels and thereby provide reasonable assurance of continued operations.

Components of the Plan:

1. Ministry of Forests (MoF) supported Bridgeside's operating and financial arrangements, with Weldwood Canada and Riverside Forest Products Limited, regarding its two timber sale licenses. In addition, the MOF supported a recommendation by the BC Softwood Lumber Advisory Committee to allocate trigger price quota to Bridgeside Higa Forest Industries Ltd.

2. Riverside Forest Products Ltd. accepted responsibility for harvesting, managing and administering TSL A51883 and to provide an advance payment of $400,000 on the amount of the purchase price of the timber to be harvested from the TSL to Bridgeside.

3. Canadian Imperial Bank of Commerce agreed to maintain the existing credit facilities including a line of credit and overdraft accommodation of $1,100,000 and capital loans totaling approximately $1,227,000 in favour of Bridgeside subject to the bank's lending guidelines and on the basis that there was no significant deterioration in the overall financial position of the company.

4. Bridgeside Higa Forest Industries Ltd. agreed to maintain in good standing its registration as a Category Two Small Business Enterprise throughout the term of the subject TSLs. The company also agreed to the repayment of property taxes to be deferred by the District of Lillooet and accept the fee free export quota for the period Oct. 1, 1999 to Sept. 30, 2000 which had been made available under the US/Canada Softwood Lumber Agreement through the BC Softwood Lumber Advisory Committee and the JPC.

5. The District of Lillooet agreed to defer 50 per cent of property taxes for each of 2000 and 2001 plus interest accrued at the prescribed rate until January 2002. Repayment of the deferred amount of taxes and accrued interest was to be received in 24 equal monthly installments commencing Jan. 1, 2002, with interest at the prescribed rate on the reducing balance.

Date Authorized: Feb. 16, 2000
Date in Force and Effect: Mar. 3, 2000

C GED Forest Products Ltd. #3

C GED Forest Products Ltd. (C GED) is a company owned by the people of the Gitwangak Band. C GED acquired the assets of Westar Timber Kitwanga Sawmill in June 1995. In mid 1995, the company was granted a Forest Licence in the Cranberry Timber Supply Area which entitled it to harvest 100,000m³/year for six years. The intention from the outset was that C GED would provide employment for band members both at the sawmill and in the woodland operations.

Since acquiring the mill, the company encountered a series of hurdles which impacted negatively on its economic fortunes. These included the lack of conventional bank financing, a reasonably priced and sustained log supply, a rapid increase in logging costs and management turnover.

In late 1996, the officers of C GED contacted the Job Protection Commission (JPC) as the financial burdens had left the company without both the required working capital and funds necessary to undertake capital improvements to the mill which were needed to increase quality and efficiency.

The JPC worked with the company throughout 1997 and, in January 1998, the JPC agreed to underwrite the cost of engaging a consultant, PGBC Consulting, to work with C GED to develop a viable business plan. The business plan was completed in the Spring of 1999.

By early 2000 the mill had been closed for eight months, as the directors of C GED contemplated how to put the business plan into action. Meetings were held within the community to allow for input from the general population.

In September 1999, the consensus was that a Management Team (MT) was to be struck to look after the day to day operations of the company, with the board of directors only providing general direction.

The restructuring of the business was contemplated to be addressed in two phases. The first would entail commencing the harvesting of 71,130 m3 of fibre contained within Cutting Permits, of the Forest Licence. The company provided financial information showing that the woodlands operation would sustain a loss of $521,963 if all of this harvest was sold or consumed exclusively in the domestic market. To offset this, C GED applied to be allowed to export 14,937 m3 (21 per cent of the harvest) which would permit the woodlands portion of the business to cover costs. It was anticipated that this would put up to 75 individuals back to work immediately in harvesting and manufacturing for three to four months.

In the meantime, it was expected that the MT would be working on phase two of the proposal which would involve upgrading the mill, adding value-added capacity and a strategy to restructure the company's debt. It was anticipated that this would be available to the JPC and government ministries by May 2000 for their consideration.

Components of Plan:

1. C GED Forest Products Ltd. agreed to restart the sawmill at Kitwanga and to employ directly and indirectly up to 75 people in the mill and woodland operations. They agreed that the day to day operations of the woodlands, sawmill, planer, shipping and marketing should be guided by the Management Team, and they entered into a contractual agreement with Interpac Resources to provide financing for the woodland and the manufacturing operations.

2. Ministry of Forests (MoF) agreed to remove the suspension on the Forest Licenses. In order to stimulate logging activity and to increase the supply of logs for domestic mills, it agreed to consider the approval of one or more ministerial orders for the export of a maximum of 125,000 m3 of the timber harvested from cutting permits of the Forest Licenses, with the remainder going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and Oct. 31, 2000, if the Minister or his designate was satisfied that the timber from these cutting permits met the criteria for exemption under Section 128 of the *Forest Act*.

   MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and could impose other requirements, conditions and limitations in respect of the timber to be exported.

3. Interpac Resources Ltd. entered into an agreement with the Province to pay to the Province, when due and payable by C GED, all amounts of stumpage payable by C GED on timber cut from and after Sept. 29, 1999, to an including Sept. 29, 2000, including any interest and penalty accrued, accruing or imposed thereon. It agreed to pay to the Province the sum of $102,000 in full and final settlement of any obligations it might have for stumpage payable by C GED on timber included in the assignment of logs and lumber by C GED to Interpac after Mar. 1, 1999, with payment to be made in four consecutive monthly installments of $29,000 each, commencing on the fifteenth day of the first month following execution of this Economic Plan and continuing on the fifteenth day of each month thereafter until the sum was paid in full.

   Interpac agreed to pay to the Province the sum of $5/m3 on any wood exported while this Economic Plan was in effect, payable prior to export, with such sums to be applied from time to time to reduce the amount of stumpage payable by C GED which remained outstanding as of the date of execution of this Economic Plan, but not including any of the stumpage referred to. The company agreed to pay to the Province, when due and payable by C GED, the amount of all silviculture deposits payable by C GED which became due and payable while this Economic Plan was in effect, at the rate of $4.84/m3. They agreed to grant to the Province, immediately upon the execution of this economic plan, security for the payments referred to in paragraphs (i) through (iv), in a form and amount which the Province, acting reasonably, considered sufficient to secure its full recovery of the total amount of Interpac's potential indebtedness in those respects, and to pay on or before the fifteenth day following execution of this Economic Plan, the full amount required to discharge the existing loan by the Province, as represented by the Ministry of Finance and Corporate Relations, to C GED, which amount was understood to be approximately $61,000.00.

   Interpac also agreed to provide the funding to pay all of the operating costs relative to the harvest of the estimated 71,130 m3 and the operation of the sawmill, including but not restricted to payment to the logging contractor, mill suppliers, land leases and employees of C GED.

Date Authorized: Jan. 24, 2000
Date in Force and Effect: Apr. 4, 2000

Case Study #9

Crossroads Timber (CT) is a long established logging operation owned in Chilliwack and employing 120 people. It has a current logging and land a Forest Licence in the Fraser Timber Supply Area with an annual Allowable Cut (AAC) of 675,000 m3. The company has appealed the Air Protection Commission (APC) a 1999 to a board's concerns to harvest due to the amount of livestock and future value to license. As a result, CT was the subject of an Economic Plan in 1999 under which it was permitted to export up to 45,750 m3 of its harvest in order to reduce operating losses. Due to low energy, the low season and a softening export market, CT only exported 11,000 m3 in 1999.

George Wickenstead from CT wished to harvest 175,000 m3 in 2000, which would address evidence problems from prior years. Without the benefit of being able to export a portion of the harvest, the business would face an accounting loss of almost $1.9 million. If 36,675 m3 or 21 per cent of the harvest could be exported, the loss would be reduced to approximately $50,000. According to the information provided, the operation would generate $2.5M million in mortgage for the Province and secure the continued employment of up to 70 people. By mid-year, the company had only harvested 38,000 m3 in 2000 and it would require a carryover into 2001 to harvest the entire 175,000 m3 target.

The purpose of this Economic Plan was to address the economic problem confronting the business while preserving economic activity and employment in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in order to minimize logging activity and to increase the supply of logs for domestic mills, considered the approval of one or more ministerial orders for the export of a maximum of 21 per cent of the timber harvested from the Forest Licence X(002), with 79 per cent going to the domestic market. The exports would only be permitted for the period between the authorization of the Plan and July 31, 2001. If the Minister or his designate was satisfied that the fibre from Forest Licence X(002) was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province. MoF also required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Crossroads Timber agreed to apply best efforts to harvest 175,000 m3 from CL X(002) between Jan. 1, 2000 and July 31, 2001 and to offer at least 79 per cent of the timber harvested from those areas to the domestic industry, and to maintain a level of employment consistent with historical manning requirements in harvesting CL X(002). CT also agreed to keep its mortgage account current at all times, and to provide the month's employment statistics per timber unit to the IPC.

Date Authorized:	Aug. 15, 2000
Date in Force and Effect:	Sept. 15, 2000

Copper Bay Contracting Ltd.

Copper Bay Contracting Ltd. (CBC) is a Prince Rupert company employing 47 people, which was founded by Jessie Ortiz in 1998. The firm has 12 pre-cut containment logging chief-to-harvest systems and helicopter logging. The harvest could only be conducted during summer months, since the log dump in the Skeena River was frozen by November. Most of Prince Rupert.

CBC had an established working relationship with the Lax Kw' Alaams First Nation (LKFN) and three-quarters of its workforce involved First Nation employees. In addition to the prospect of work from Volta Forest, CBC and LKFN wished together on a joint venture logging operation in Chamber Creek.

The cruise data for 750 ha WMBD indicated a total volume of 31,132 m³ of which over 90 per cent was hemlock and balsam. If the same volume was harvested and sold overseas, into the domestic market, financial projections indicated that the firm would lose $510,215. The economic ratio exercised by harvesting in Volta Forest. If the company was permitted to export 65 per cent of the harvest (16,087 m³), the accounting loss would be reduced to an estimated $33,175. The loss could be absorbed and the complete harvest could proceed.

The purpose of the Economic Plan was to address the economic dilemma that the company was facing: could economic activity in the forest sector where little activity existed and there was limited employment opportunities for the Lax Kw' alaams First Nation workers.

Components of Plan

1. Ministry of Forests (MoF), in order to consider logging activity and to increase the supply of log for domestic mills, considered the approval of one or more economical orders for the export of a maximum of 65 per cent of the timber harvested from Timber Sale W0855, with the 35 per cent going to the domestic market. The export could be authorized only for the period between the authorization of the Plan and July 31, 2001. If the Ministry of the designated the timber from these lots was not economical to harvest and process in the vicinity of the origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province, MoF could require a payment of a fee in lieu of manufacturing of $10/m³ on the export of the timber and might impose other requirements, conditions and limitations in respect of the timber or the proposal.

2. Copper Bay Logging Limited agreed to apply best efforts to convert harvest timber from Timber Sale W0855 by July 31, 2001, to offer at least 50 per cent of the timber harvested from those timber sale to the domestic industry, and to maintain a level of employment consistent with the planned logging requirements. Copper Bay Logging agreed that it would attempt to maximize employment in the Work Zones by cutting and processing the logs locally, to maximize employment of the Lax Kw' alaams First Nation employees in its operations, and to provide the monthly employment statistics per forms to the Job Protection Commission.

3. Lax Kw' alaams First Nation endorsed the plan.

Fees authorized	Aug. 15, 2000
Fees in Force and Effect	Sept. 15, 2000

[illegible]

[illegible]

[illegible]

MoF of all marginally economic timber harvested from TFL No. 44. Weyco also agreed to submit to the District Manager the total volume in m3 (by inventory polygons) of all marginally economic timber harvested each year from TFL No. 44, and to identify on Forest Development Plans submitted for TFL No. 44, a total annual cut of 40,000 m3 to be harvested by Franklin. Where Weyco chose to harvest marginally economic wood itself or by its contractors, an equal volume of wood would be substituted from TFL No. 44 for Franklin.

In conjunction with Franklin, Weyco agreed to ensure that Franklin's harvest was identified on Weyco's Forest Development Plan (FDP's) for 2000, 2001 and 2002, and to review and submit Silviculture Prescriptions, Road Layouts & Design, Road Permits, and Cutting Permits, prepared by Franklin equaling 40,000 m3/yr. to MoF in a timely manner. Weyco also agreed to review this agreement every three years, as outlined in the Mediation Plan dated Mar. 16, 1994.

3. Franklin Forest Products Ltd. agreed to process 40,000 m3 of marginally economic timber through its sawmill to support the employment of approximately 60 IWA - Canada workers in both the mill and harvesting phases. Franklin agreed to prepare approvable Silviculture Prescriptions, Road Layouts & Designs, Road Permits, and Cutting Permits for the FDP identified Franklin cutblocks and roads and forward to Weyco for submission to MoF.

   Franklin also agreed to pay $5.35/m3 towards its stumpage account on the next 40,000 m3 it harvested over the next 12 months with any remaining balance being due and payable at that time as per the District Manager's instructions in a letter dated Nov. 25, 1999, and it agreed to pay the interest on its stumpage account on a monthly basis as billed by the MoF.

4. Ministry of Forests (MoF) agreed to accept payment of $5.35/m3 and to defer payment on the balance of any remaining stumpage for one year on the 40,000 m3 of wood harvested by Franklin on TFL No. 44 over the next 12 months, as per the District Manager's instructions in a letter dated Nov. 25, 1999. MoF also agreed to calculate stumpage for Franklin based upon cruise grades.

5. IWA - Canada Local 1-42 agreed to endorse the Plan.

6. Tsawwassen First Nation agreed to endorse the Plan.

Date Authorized:	July 6, 2000
Date in Force and Effect:	Aug. 1, 2000

Gwa Sala-'Nakwanda'xw Timber Corp. #2

Gwa Sala-'Nakwanda'xw Timber Corp. (GTC) is a joint venture business owned 51 per cent by the Gwa'Sala-'Nakwanda'xw First Nation and 49 per cent by Interpac Resources Ltd. (part of the Clarke Group of Companies). It is located in Port Hardy and employs 35 people. In July 1997, the company was awarded Forest Licence A55510; a five year nonreplaceable licence with an Annual Allowable Cut (AAC) of 47,600 m3. High operating costs in this remote region combined with low domestic log values had frustrated logging efforts until 1999, at which time an Economic Plan dated Aug. 4, 1999 was put in place to reduce operating losses to a manageable level.

Under the 1999 plan, the company expected to harvest 85,455 m3. Of that total, the company would be permitted to sell 42,551 m3 into the export market (49.8 per cent) while the remaining 42,904 m3 (50.2 per cent) would be available for domestic consumption. This would reduce the company's estimated accounting operating loss to $1.491 million. Due to a late startup and early winter weather, at the end of 1999 the harvest had been restricted to 33,973.2 m3 of which 11,078 m3 was exported along with a further 5,840.7 m3 about to be exported.

The company proposed to complete the original harvest which would entail a volume of 51,725 m3. The harvest remained uneconomic and without an export component, the accounting loss would be $2.1 million. By permitting the export of 27,857 m3 (50 per cent), the loss would be reduced to approximately $1.2 million. The balance of the wood, i.e. 25,868 m3 (50 per cent), would be available to fibre up domestic mills.

The purpose of this Economic Plan was to address the economic dilemma that this aboriginal company was facing while generating economic activity in the forest sector for band members.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, agreed to consider the approval of one or more ministerial orders for the export of a maximum of 50 per cent of the timber harvested from Forest Licence A55510, cutting permits one, three and four, with 50 per cent going to the domestic market. The exports would be authorized only for the period between the authorisation of this Plan and Dec. 31, 2000, if the Minister or his designate was satisfied that the timber from the lots was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province.

   MoF stated that they required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Gwa Sala-'Nakwanda'xw Timber Corp. agreed to apply best efforts to entirely harvest timber from Forest Licence A55510, cutting permits one and three by Dec. 31, 2000 and to offer at least 50 per cent of the timber harvested from those cutting permits to the domestic industry and to maintain a level of employment consistent with the planned personnel requirements. It also agreed to keep its stumpage account current at all times, and provide the monthly employment statistics for Forest Licence A55510 to the Job Protection Commission.

3. The Truck Loggers' Association agreed to endorse the Plan.

Date Authorized: Mar. 17, 2000
Date in Force and Effect: May 25, 2000

Hayes Forest Services Ltd. #2

Hayes Forest Services Limited (Hayes) is one of the larger independent market loggers in British Columbia. It is located in Cobble Hill. Apart from its management staff, all of the 15 employees are members of the IWA. The company provided a full range of services to the forest industry including engineering, road construction, full phase conventional harvesting and helicopter logging.

Hayes had logging contracts with Weyerhauser, Timber West, Western Forest Products and Interfor. All of these major tenure holders reduced their harvest totals in recent years, and this had a negative financial impact on Hayes. To augment its income, Hayes bid on and was awarded helicopter timber sales. Unfortunately, the company chose fixed stumpage rates which in the face of lower log prices and increased operating costs made these sales uneconomic to harvest.

In 1999, Hayes was the subject of an Economic Plan covering four sales. The company was approved to export a portion of the harvest in order to reduce operating losses. Hayes was successful in completing the harvesting on two of the sales in 1999. From these sales, the company harvested 28,371 m3 of which it exported 10,746 m3 or 37.9 per cent of the harvest.

The company wished to complete the other two sales (Ruby Creek - TSL A51426 and Cantelon Creek - TSL A48739). Cruise data indicated that the two sales would produce 25,278 m3 of which 98.5 per cent was hembal. The company projected its losses would be in excess of $1 million if it harvested and sold its logs solely into the domestic market. Under those poor economic circumstances, the company could not harvest. If it was permitted to export up to 50 per cent of the harvest, the loss would be reduced to approximately $357,000.

The purpose of this Economic Plan was to address the economic dilemma that the companies were facing while generating economic activity in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, considered the approval of one or more ministerial orders for the export of a maximum of 50 per cent of the timber harvested from TSL A51426 and TSL A48739, with a minimum of 50 per cent going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and July 31, 2001, if the Minister or his designate was satisfied that the timber from TSL A151426 and TSL A48739 was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province. MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Hayes Forest Services Ltd. agreed to maintain a level of employment consistent with historical personnel requirements in harvesting TSL A51426 and A48739 from the authorization date of this Plan and July 31, 2001. Hayes also agreed to keep its stumpage account current at all times, and to provide the monthly employment statistics per timber sale to the Job Protection Commission.

3. 476828 B.C. Ltd. endorsed the Plan.

4. Truck Loggers' Association endorsed the Plan.

Date Authorized: Aug. 18, 2000
Date in Force and Effect: Sept. 15, 2000

Ivis Wood Products Ltd.

Ivis Wood Products Ltd. was incorporated in 1990 and has a value-added facility in Yarrow. The company produced products such as palings, balusters, post caps and shelving and shelf products, and employed 12 people. The company sold exclusively to home improvement retailers such as Revy Home & Garden and through third parties. The markets included Western Canada, Ontario, Washington State and the US Midwest.

The company was awarded Timber Sale A54149 (Cantelon Creek) in January 1997. The sale was extended twice and was scheduled to be completed by January 2001. The wood was at high elevation and the harvesting opportunity was restricted due to the weather. The company's plans called for it to harvest the 23,840 m3 in the sale through an affiliated company, Freeline Equipment Co. Ltd. As the volume was exclusively hemlock and balsam, harvesting and selling into the domestic market would result in an accounting loss in excess of $500,000. If the company could export up to 50 per cent of the volume, the loss would be reduced to $143,000. The company had recently been awarded a Category Two sale which obligated it to a certain level of capital expenditures at its plant. The inability of the company to complete the Cantelon Creek sale and recover development costs was restricting its ability to make these capital improvements at the plant. Due to weather, it was unlikely the company would be able to complete harvesting the 23,840 m3 until mid 2001.

The purpose of this Economic Plan was to address the economic dilemma that the company was facing while generating economic activity in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, considered the approval of one or more ministerial orders for the export of a maximum of 50 per cent of the timber harvested from the Timber Sale License A54149, with 50 per cent going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and July 31, 2001, if the Minister or his designate was satisfied that the fibre from Timber Sale License A54149 was not economical to harvest and process in the vicinity

of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province. MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Ivis Wood Products Ltd. agreed to apply best efforts to harvest 23,840 m3 from Timber Sale License A54149 by July 31, 2001 and to offer at least 50 per cent of the timber harvested from those timber sales to the domestic industry, and to maintain a level of employment consistent with the planned manning requirements. Ivis agreed to keep its stumpage account current at all times, and provide the monthly employment statistics per timber sale to the Job Protection Commission.

Date Authorized: Aug. 18, 2000
Date in Force and Effect: Sept. 13, 2000

J.S. Jones Timber Ltd. #2

J.S. Jones Timber Ltd. (JSJT) is a privately owned company which operates a sawmill in Boston Bar and harvests timber in the Boston Bar area, near Pitt Lake and on the Queen Charlotte Islands. It employs approximately 400 people directly and an additional 200 people through logging contractors.

The sawmill had been a fixture in Boston Bar for many years and was acquired by JSJT in 1993 from Fletcher Challenge Canada Limited. The new owners invested approximately $12 million of capital into mill upgrades over the next year. The mill was operating at near full capacity within a year of the upgrades being completed. Due to the wood profile available to the company, its main product was dimensional lumber for the North American marketplace. The company operated on a double shift which, if it operated at or near full capacity, was capable of producing up to 160 million board feet per year.

Quotas under the US/Canada Softwood Lumber Agreement (SLA) were established utilizing historic export levels recorded by Canadian mills over a period of time, part of which was during the time that JSJT had its mill shutdown for the capital improvements. As a result, the US quota assigned to JSJT was only 49 million board feet per year or 30.6 per cent of its theoretical productive capacity. With this limiting factor, the company had in previous years restricted its annual production to approximately 105 million board feet. Any lumber sold into the US in excess of its quota carried a surcharge. The company had the option of selling lumber into the Canadian market, but at a discount. Unless there were strong lumber prices, neither of these options were sufficient to recover the cost of production.

As with all operators in the Fraser Timber Supply Area, JSJT had seen its Allowable Annual Cut (AAC) reduced over the years which necessitated trucking logs from other areas of the province to feed the mill. This development was exacerbated by the fact that JSJT experienced financial setbacks due to other government initiatives. The establishment in the mid 1990's of the Pine Cone Burke Park and expansion of Golden Ears Provincial Park resulted in the company having sunk costs plus harvest reductions, for which the company has not received compensation. In addition, the company, like a number of others, found itself prohibited from harvesting in certain areas in which it had already invested money due to the presence of spotted owls. This prohibition was for an indefinite period of time and the company asserted that it should be compensated for the out of pocket costs and the additional costs it incurred in having to venture into other more expensive areas to harvest.

The company recorded sizable operating losses since acquiring the mill and, in the face of continued losses, company management provided the mill workforce with notice of a mill closure on Mar. 8, 2000.

The Office of the Jobs and Timber Accord Advocate engaged a consultant to review the company's mill in the middle of 1999. The report concluded that the mill was among the most efficient in the industry.

Inasmuch as the SLA was due to expire on Mar. 31, 2001, the purpose of this Economic Plan was to find a means to mitigate the operating losses that would be incurred by the company if it chose to continue operations beyond Mar. 8, 2000 through to the expiration of the SLA. Depending upon what arrangement followed the SLA, JSJT would then be in a position to make an informed business decision to either operate the mill or to close it at that time.

Components of Plan:

1. The Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, agreed to consider the approval of one or more ministerial orders for the export of a maximum of 200,000 m3 from the harvest licences that JSJT and its affiliates hold or manage and harvest between authorization of this Economic Plan and June 30, 2001, as long as the Minister or his designate was satisfied that the provisions of Section 128 (3) of the *Forest Act* were satisfied, and that the subject timber was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province. In any event, a minimum of 50 per cent of the logs harvested from the licences JSJT and its affiliates held or managed must be made available to domestic sawmills.

   MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other legislative requirements, conditions and limitations in respect of the timber to be exported. The Ministry agreed to prepare, by Mar. 3, 2000, a presentation to Treasury Board seeking permission to negotiate compensation for sunk costs of JSJT relative to the establishment of Pine Cone Burke Provincial Park and expansion of Golden Ears Provincial Park and the reduction in its AAC due to the creation of parks, and make best efforts to expedite the placing of the presentation on the Treasury Board agenda. The Ministry agreed to support a recommendation by the BC Softwood Lumber Advisory Committee to the Federal Minister for International Trade for the allocation to JSJT of 10 million board feet of trigger price quota, available for the period Oct. 1, 1999 to Sept. 30, 2000.

   MoF agreed to consider a possible future request by JSJT to support a recommendation to the BC Softwood Lumber Advisory Committee and to the Federal Minister for International Trade for the allocation to JSJT of additional trigger price quota that might become available in subsequent periods between February 2000 and Mar. 31, 2001. They also agreed to postpone payment on $1.8 million of stumpage relative to the stumpage debt of Columbia Shake and Shingle Ltd. (Nigei Island) with no payments required on principal or interest until April 2001. Interest at the prescribed rate would accrue during that period. Repayment would commence on Apr. 30, 2001 and the last day of the next 44 months, at the rate of $40,000, plus 1/45 of accrued interest to Apr. 1, 2001, plus current interest for the month, per month. Prepayment would be possible without penalty.

2. J.S. Jones Timber Ltd. agreed to run its Boston Bar mill on a two shift basis until June 30, 2001, consistent with levels of economic activity and average number of employees reached over the past two years unless either it received express written consent MoF to close, or there was a material adverse change in market and economic conditions. They agreed

to provide the required information on each export order to allow for the calculation of the financial benefit that would accrue to the company, and to keep all future stumpage obligations current.

JSJT agreed to accept if provided, solely for the benefit of the Boston Bar sawmill, 10 million board feet of fee-free export quota for the period from Oct. 1, 1999 to Sept. 30, 2000 which would be available under the US/Canada Softwood Lumber Agreement through the Job Protection Commission. It agreed to pay, on a monthly basis commencing Apr. 30, 2001 and thereafter on the last day of the month for the next 44 months, $40,000 per month plus interest towards the $1.8 million of deferred stumpage on Nigei Island, without prejudice to the rights of JSJT to continue to dispute the amount of the stumpage assessment.

3. The Unincorporated Township of Boston Bar endorsed the Plan.

Date Authorized: Feb. 10, 2000
Date in Force and Effect: Feb. 14, 2000

Lakeside Pacific Forest Products Ltd.

Lakeside Pacific Forest Products Ltd. (LPFP) is a recent incorporation located in Chilliwack, which was formed for the purpose of acquiring the shares of Prettys' Timber Co. Ltd. (PTC). This transaction was completed in April 2000. It employs 60 people.

In taking over PTC, LPFP was faced with two problems. First, the license was in a significant undercut situation with respect to its five year cut control period which meant that despite the relatively poor log market, the harvest for 2000 would need to exceed the Annual Allowable Cut (AAC). Second, due to the past financial difficulties of PTC, the predominant volume under permit was low value hemlock and balsam stands.

The logging plans for LPFP called for it to harvest approximately 180,000 m3 from Forest License A19207 in 2000. By mid 2000, the company had only harvested 51,000 m3 and further harvesting was in question without the benefit of a log export component. Of the 180,000 m3 planned harvest, 127,358 m3 would constitute old growth timber with the balance being second growth. The projected balsam and hemlock volume would be 133,233 m3 or 74 per cent of the harvest.

If the company completed the planned harvest and sold the logs exclusively into the domestic market, a loss of $2.7 million was projected. If the company was permitted to export 89,678 m3 (49.8 per cent of its harvest), the loss would be reduced to $1.1 million.

The purpose of this Economic Plan was to address the economic dilemma that the company was facing while generating economic activity in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, considered the approval of one or more ministerial orders for the export of a maximum of 49 per cent of the timber harvested from the Forest License A19207, with 51 per cent going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and July 31, 2001, if the Minister or his designate was satisfied that the fibre from Forest License A19207 was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province. MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Lakeside Pacific Forest Products Ltd. agreed to apply best efforts to harvest 180,000 m3 from Forest License A19207 from Jan. 1, 2000 to July 31, 2001, to offer at least 51 per cent of the timber harvested from those timber sales to the domestic industry, and to maintain a level of employment consistent with the planned manning requirements. LPFP agreed to keep its stumpage account current at all times; and provide the monthly employment statistics per timber sale to the Job Protection Commission.

Date Authorized: Aug. 18, 2000
Date in Force and Effect: Sept. 13, 2000

Lineham Logging Ltd.

Lineham Logging Ltd (LLL) is a logging contractor located in Chilliwack. The company provides logging contract services for Canadian Forest Products Ltd. (CFP) on licence A19213 located in the Soo District at the north end of Harrison Lake and the west side of the Lillooet River. It employs 35 people.

CFP had an AAC on its licence of 40,000 m3, however due to poor market conditions, the licence holder planned to only harvest 20,000 m3 or 50 per cent of its AAC in 2000. CFP had an accumulated undercut of 55,000 m3. Even at that level, CFP estimated it would lose about $475,000.

The principals of LLL proposed to CFP that they be permitted to harvest the AAC and the existing shortfall in 2000 and 2001 which at this time would amount to 95,000 m3. Without the benefit of being able to export a portion of the harvest, the projected loss would be about $1.4 million. By being permitted to export up to 45 per cent of the harvest, the loss would be reduced to the range of $208,000. CFP were agreeable to this process wherein the financial risk would be undertaken solely by LLL, the marketing would be done jointly and the domestic wood would be available to CFP.

The purpose of this Economic Plan was to address the economic dilemma that the company was facing while generating economic activity in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, agreed to consider the approval of one or more ministerial orders for the export of a maximum of 45 per cent of the timber harvested from the Forest License A19213, with 55 per cent going to the domestic market. The exports would be authorized only for the period between the authorisation of this Plan and July 31, 2001 if the Minister or his designate was satisfied that the fibre from Forest License A19213 was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province.

   MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Lineham Logging agreed to apply best efforts to harvest 95,000 m3 from Forest License A19207 by July 31, 2001 and to offer at least 55 per cent of the timber harvested from those timber sales to the domestic industry and to maintain a level of employment consistent with the planned manning requirements. Lineham also agreed to keep its stumpage account current at all times, and to provide the monthly employment statistics per timber sale to the Job Protection Commission.

3. Canadian Forest Products Ltd endorsed the Plan.

4. Truck Loggers' Association endorsed the Plan.

Date Authorized: Aug. 18, 2000
Date in Force and Effect: Oct. 19, 2000

McBride Forest Industries Ltd.

McBride Forest Industries Ltd.'s predecessor company, Zeidler Forest Industries Ltd. (Zeidler), was located in McBride, and manufactured plywood veneer for the company's Edmonton plant. The plant employed 83, including 9 part time workers. The McBride facility was originally constructed in 1966 and operated under the name of McBride Plywood Ltd.

Throughout the late 1960's and 1970's, the company purchased additional harvesting rights from smaller operators and, in 1980, McBride Plywood was amalgamated with Zeidler Forest Industries Ltd., with R. J. Elliott as President. The company held two forest licences in the Robson Valley with an AAC of 236,428 m3. The company was reported to have incurred losses of $10.3 million in two years from its McBride operations. The Edmonton operation was reported to be profitable.

The owners of Zeidler decided to sell both operations. Eugene Runtz, a local entrepreneur, experienced in the forest industry, acquired the McBride mill. Ownership of the new company, McBride Forest Industries Ltd. (McBride) was as follows: 25.5 per cent in the name of Runtz Forest Management Ltd., which is owned equally by Eugene and Susan Runtz;

25.5 per cent in the name of Comprehensive Financial Services Inc. owned by the Cramer family, headed by Mark Cramer, and 49 per cent in the name of Strategic Concepts Investment Trust, an investment trust with Mark Cramer as Trustee.

Mr. Runtz, President, identified a number of issues to enhance the viability of the mill and make the purchase more attractive, including distance blending of species, undercut carryover, and retention of the 5 per cent loss of AAC on change of control. The new owners approached the Job Protection Commission (JPC) for assistance in addressing these issues with the Ministry of Forests (MoF).

The JPC engaged the services of H & W Saunders & Associates Ltd. to conduct an independent assessment of the McBride operation. The study concluded that while the mill appeared viable in the short run, additional investments would be required to keep the mill competitive and reduce market risk in the long run. However, since that time product prices have softened and transition issues had surfaced, such as fibre supply and financing, to challenge the short term viability of the project.

The purpose of this Economic Plan was to define what commitments were necessary to assist the transition of ownership and improve the long term viability of the operation.

Components of the Plan:

1. McBride Forest Industries Ltd. agreed to employ reasonable commercial efforts to maintain normal operations during the term of the Plan. McBride committed to investing or reinvesting the necessary funds, estimated at $600,000 for capital expenditures to include, but not be limited to, upgrades to the burner and effluent pond, the installation of a whole log chipper, and as cash flow permits, a new planer building, rotary clipper, veneer stackers and dryers, plus yard resurfacing. It agreed to postpone all dividend payments, repayment of shareholders' loans or any other removal of equity from the company, and defer making any advances or loans to the related companies except as provided for in this Plan, without the prior written consent of the Job Protection Commissioner.

   McBride agreed not to request the carry forward of any undercut at the end of its cut control period (December 2001) on Forest Licence A15429, and to surrender to MoF, approximately 120,000 m3 from McBride's AAC for the year 2000, pursuant to Section 61 of the *Forest Act*. It also agreed to MoF having the right under the *Forest Act* to dispose of the volume surrendered.

2. Runtz Forest Management Ltd. agreed to maintain the current level of support to McBride by way of management expertise, investments, and day to day management of the business.

3. Comprehensive Financial Services Inc. agreed to maintain the current level of investment support to McBride.

4. Strategic Concepts Investment Trust agreed to maintain the current level of support to McBride by way of investments and to contribute an additional $760,918 to the operation, which represented the balance of $1.9 million previously committed.

5. The Royal Bank of Canada agreed to provide a demand operating loan in the amount of $1.5 million in accordance with its loan agreements with McBride. The Royal Bank agreed to continue normal commercial operation of the demand

operating loan, which requires interest to be paid monthly, and to provide seasonal bulges (available from Jan. 1 to June 30 annually) in the demand operating loan up to a maximum of $1 million for McBride. It also reserved the right to act in accordance with the terms and conditions of its loan agreement with McBride.

6. Ministry of Forests (MoF), in the interests of ensuring the transition of ownership from West Fraser to the new owners and to ensure the future viability of the business agreed to, where appropriate, provide relief from cut control reductions. MoF agreed to take into consideration McBride's need to maintain its access to fibre in order to remain viable, and to endeavour to expedite the processing of applications submitted by McBride as they related to fibre. It agreed to establish a stumpage rate at the lesser of $12.41/m3 or the rate otherwise established by the Comparative Value Pricing System for CP 924 for all fibre scaled after the Economic Plan came into force and effect for a period of one year, for all grades except three, four, five and six, which remain at $0.25/m3. Under Section 61 of the *Forest Act*, MoF also agreed to reduce McBride's AAC for the year 2000 by 120,000 m3, and as an interim transition measure, allow for up to a 50 per cent reduction in the required production levels, as set out in the Forest Licence, at the McBride mill for a period not to exceed six months.

   The Ministry's decision makers agreed to give every consideration to the recommendations in an approved Economic Plan, when deciding any adjustments to the AAC. West Fraser Mills Ltd. (West Fraser), in order to facilitate the sale and transfer of the McBride Mill to the new owners, agreed to provide term financing of the purchase to a maximum level of $1,100,000, consisting of two loans. Loan Number One for $500,000 would require interest only to be paid from Aug. 1, 2000 at 10 per cent per annum, payable monthly. Loan Number Two for $600,000 would require interest only to be paid from June 1, 2000 at 12 per cent per annum payable monthly. Interest for June, July and August 2000 would accrue and be payable Aug. 31, 2000. Principal repayments on both loans would commence on May 1, 2001, based on Earnings before interest, taxes, depreciation and amortization and available cash flow after capital expenditures.

   West Fraser agreed to defer the payment for remaining log inventories due on Aug. 31, 2000 until the fibre was utilized by McBride, but not later than Oct. 31, 2000, and agreed that funds raised to a maximum of $1 million from the issuance or exchange of shares of McBride, be allowed to remain in the company (after West Fraser's $1,100,000 in loans were repaid.

Date Authorized: Aug. 16, 2000
Date in Force and Effect: Oct. 3, 2000

Marsh Timber Ltd. #2

Marsh Timber Ltd. (Marsh) is a small unionized logging company located in Harrison Lake. It employs 32 people. In mid 1999, the firm approached the Job Protection Commission (JPC) since it had two small business sales, Timber Sale A72369 (Chehalis Lake) and Timber Sale A56525 (Harrison Lake), both of which had proven uneconomic to harvest without the benefit of some export sales. The estimated volume between the two sales was 59,117 m3 and through an Economic Plan dated July 23, 1999, the company was approved to export up to 38 per cent of the harvest. The Plan called for both sales to be harvested by Dec. 31, 1999.

Due to a delay in commencing logging and extraction on remaining areas on Harrison Lake, only Timber Sale V23001 was completed in 1999. The volume taken off was 37,150 m³, of which approximately 9,500 m³ or 26 per cent was exported. The company wished to complete the Harrison Lake sale and maintain the same 30 per cent export ceiling on the total harvest from the two sales.

Without the benefit of export, the company projected that it would lose $67 to $81 if it harvested the estimated 28,550 m³ from Timber Sale V23001. If it was permitted to export 11,137 m³ or 39 per cent from the sale, the loss on Harrison Lake would be reduced to $61,909. The total percentage export from the two sales, would not exceed the 30 per cent approved in 1999.

The purpose of the Economic Plan was to address the economic distress that the company was facing while preserving economic activity in the forest sector.

Components of Plan

1. Ministry of Forests (MoF), in furtherance of the July 23, 1999 Economic Plan for March, and in order to maintain logging activity and to increase the supply of logs for domestic mills, agreed to consider the approval of one or more commercial orders for the export of a maximum of 39 per cent of the timber harvested from the Timber Sale V23001, with 61 per cent going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and Dec. 31, 1999, if the Minister or his designate was satisfied that the timber from Timber Sale V23001 was not economical to harvest and process in the vicinity of its origin and could not be economically harvested and transported to a processing facility located elsewhere in the province.

   MoF stated that they required a payment of a fee in lieu of manufacturing of $1/m³ on the export of the timber and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Mount Timber Ltd. agreed to apply best efforts to entirely harvest Timber Sale V23001 in 1999 and to offer at least 70 per cent of the timber harvested from the Timber Sale to the domestic industry and to maintain a level of employment consistent with the planned manning requirements. It also agreed to keep its employee account current at all times, and provide the monthly employment statistics per Timber Sale to the IWC.

3. The Truck Loggers' Association agreed to endorse the Economic Plan.

Date Authorized: May 27, 1999
Date in Force and Effect: May 31, 1999

Brown & Deane Logging Limited

(i) Brown & Deane Logging Limited. (i) Brown & Deane is a medium logging company with its head office on the Queen Charlotte Islands. It employs 30 people. The company was awarded Timber Sale V5430 in June 1999 under the SBFEP with the sale having a six month cute frame to complete the harvest. The sale was located in Cove Lagoon 70 miles north of

[illegible] [illegible] [illegible] [

[illegible]

[illegible]	[illegible]
[illegible]	[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Components of the Plans:

Plan #3 – Mar. 17, 2000

1. *Ministry of Employment and Investment provided a $100,000 guarantee to the Community Futures Development Corp. of the Sunshine Coast, for a $100,000 working capital loan to be advanced to Pearl Seaproducts Inc.*
2. *Ministry of Small Business, Tourism and Culture agreed to raise the $1 million capitalization limit on Pearl Seaproducts (VCC) III Corp to $4 million.*
3. *Farm Credit Corp agreed to maintain their $1 million existing term loan and provide an additional $100,000 term loan for working capital purposes.*
4. *Community Futures Development Corp. of the Sunshine Coast agreed to provide a $100,000 loan for working capital purposes. Security for this loan was supplemented by a guarantee from the Province of British Columbia.*
5. *The Royal Bank of Canada agreed to maintain their existing term and operating advances after accepting a $100,000 reduction of their term advances.*
6. *Pearl Seaproducts Inc. agreed to complete the financial arrangements to facilitate the increased level of capital investment.*
7. *Pearl Seaproducts (VCC) III Corp. agreed to raise the $1 million in new capital (to a maximum of $4 million) to invest into Pearl Seaproducts Inc.*

Date Authorized: Mar. 3, 2000
Date in Force and Effect: Mar. 17, 2000

Plan #2 – Superseded by Plan #3

Date Authorized: Aug. 17, 2000
Date in Force and Effect: Aug. 18, 2000

Plan #3 – Superseding Plan #2

1. *Ministry of Small Business, Tourism and Culture agreed to raise the $4 million capitalization limit on Pearl Seaproducts (VCC) III Corp to $7 million.*
2. *Pearl Seaproducts Inc. agreed to complete financial arrangements to facilitate the increased level of capital investment and terms, with the proceeds from the VCC, the $100,000 term loan provided by Community Futures Development Corp. of the Sunshine Coast, thereby releasing the Province of British Columbia from any potential obligation under its $100,000 guarantee in Plan #1.*
3. *Pearl Seaproducts (VCC) III Corp. agreed to raise the $1 million in new capital (to a maximum of $7 million) to invest into Pearl Seaproducts Inc.*

Date Authorized: Nov. 7, 2000
Date in Force and Effect: Nov. 8, 2000

S.W.C. Holdings Ltd. #2

S.W.C. Holdings Ltd. (SWCH) is part of the Clarke Group of companies, the President of which is Fred Clarke. It is located in Bella Coola and employs 15 people. The company held Forest Licence A16848 in the Mid Coast Forest District and has been operating in the Twin Creeks drainage since 1987. The Annual Allowable Cut (AAC) was 23,333 m3, however, due to high costs in operating in this remote region combined with low domestic log values, the company was unable to harvest any wood during the cut control period which commenced in 1997.

The company was the subject of an Economic Plan dated Aug. 4, 1999. Under that plan, the company proposed to harvest 55,046 m3 from cutting permits seven, eight, nine and eleven of which 50 per cent would be available for export. Unfortunately, the harvesting window of opportunity was typically from April through September and no wood was harvested in 1999.

In 2000, the company again proposed to harvest 55,045 m3 from cutting permits seven, eight, nine and eleven by Dec. 31, 2000. Based upon current domestic log prices, the company would experience an accounting loss of $2.5 million if it sold its output solely into that market. The proposal was that the company would be permitted to sell 27,519 m3 into the export market (50 per cent) while the remaining 27,526 m3 (50 per cent) would be available for domestic consumption. This would reduce the company's accounting operating loss to about $1.7 million.

The purpose of this Economic Plan was to address the economic dilemma that the company was facing while generating economic activity in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, agreed to consider the approval of one or more ministerial orders for the export of a maximum of 50 per cent of the timber harvested from Forest Licence A16848, cutting permits seven, eight, nine and eleven, with 50 per cent going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and Dec. 31, 2000, if the Minister or his designate was satisfied that the timber from these lots was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province. The ministry required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. S.W.C. Holdings Ltd. agreed to apply best efforts to entirely harvest timber from Forest Licence A16848, cutting permits seven, eight, nine and eleven by Dec. 31, 2000 and to offer at least 50 per cent of the timber harvested from those cutting permits to the domestic industry and to maintain a level of employment consistent with the planned operating requirements. It also agreed to keep its stumpage account current at all times, and to provide the monthly employment statistics for Forest Licence A16848 to the Job Protection Commission.

3. The Truck Loggers' Association agreed to endorse the Plan.

Date Authorized: Mar. 17, 2000
Date in Force and Effect: June 6, 2000

Sim Gan Forest Corporation

Sim Gan Forest Corporation (Sim Gan) is a joint venture between Gitwinksihlkw (51 per cent), Nisga Lsim's Government (19 per cent) and Interpac Resources Ltd. (30 per cent). SimGan had been in operation since 1989 and held Forest Licence A64299. It is located in Gitwinsihlkw and employs 30 people. The business operated under Order In Council Nass #2062 which has been in place since 1986 and permitted operators working in the Nass, the possibility of exporting all of its fibre due to the relative poor value of the stands. Without the benefit of export, harvesting would be totally uneconomic. Prior to 2000, the company was able to export approximately 60 per cent of its logged volume. In 1999, the company logged 70,000 m3 of which it exported about 42,000 m3.

A problem arose for the company in late 2000. It was determined that the company's current operating area lay just outside of the map area outlined in OIC Nass #2062. While the Ministry of Forests (MoF) commenced a process to amend the OIC to include the current operating area of Sim Gan, this would likely take a number of months. In order to permit the company to continue operating, exporting logs and employing people in the harvesting function, the Job Protection Commission (JPC) was asked to consider an Economic Plan which would allow the company to still export: albeit at the maximum level of 50 per cent.

This Plan served to permit economic activity to continue along with the needed export as a bridging action pending the proposed amendment of OIC Nass #2062.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, considered the approval of one or more ministerial orders for the export of a maximum of 50 per cent of the timber harvested from Forest Licence A64299 with the remainder going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and Mar. 31, 2001, if the Minister or his designate was satisfied that the timber from Forest Licence A64299 meets the criteria for exemption under Section 128 of the *Forest Act*.

   MoF required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Sim Gan Forest Corporation agreed to keep all of its stumpage payments current during the term of the Economic Plan.

3. Gitwinksihlkw Development Corporation endorsed the Plan.

4. Interpac Resources Ltd. endorsed the Plan.

Date Authorized: Dec. 22, 2000
Date in Force and Effect: Dec. 27, 2000

Simpcw Development Co. Ltd.

Simpcw Development Co. Ltd. (Simpcw) operates a primary sawmill on the North Thompson Indian Band Reserve, located 15 km north of Barriere. It employs 16 people. On Oct. 24, 1997, an Economic Plan was approved to assist the company in re-structuring its finances, following the depletion of its cash resources. A major element of the Plan was the deferral of payments on overdue stumpage with payments spread over two years. Simpcw had applied for a 10 year nonrenewable Forest Licence providing an annual allowable cut of 53,000 m3 from the Ministry of Forests (MoF) in a partition cut in the Kamloops Timber Supply Area, but it was unsuccessful. Applications on subsequent licences allowed them to achieve the volumes they required. In the interim, Simpcw did not have the cash flow to service its payables including the MoF stumpage account and the Workers' Compensation Board (WCB) and was forced to temporarily close down.

Recently, Simpcw entered into a long term contract with Weyerhaeuser to custom cut their logs, which will provide the company with some stability. A test run was completed to verify the feasibility of the agreement. The Job Protection Commission (JPC) was asked to revise the Economic Plan of October 1997, given the developments. Before a recommendation could be made to any of the stakeholders, an update on the current financial condition of the company and an opinion on its long term viability, was required.

The purpose of this Economic Plan under the *Job Protection Act* was to define what amendments or addenda were necessary to the previous Plan to enable Simpcw to return to a stable financial base.

Components of the Plan:

1. Simpcw Development Co. Ltd. agreed to employ reasonable commercial efforts to maintain normal operations during the term of the Plan, and to make monthly payments to the various stakeholders as outlined in this Plan and to maintain all current charges or assessments up to date. It agreed to replenish the silviculture account held by Integrated Wood Services Ltd. (IWS) at $4,400 monthly commencing Aug. 1, 2000 (except during the break-up months of April, May, June and July each year) until all funds advanced from this account were repaid.

   The company agreed to remit, or cause to be remitted through IWS, funds for required silviculture obligations (Section 71 of the *Forest Practices Code of British Columbia Act*) as they fell due, and to repay funds to the North Thompson Indian Band which were held as deposits on licences of individual band members and used to reduce the overdue stumpage account with MoF. Monthly payments would be dependent on available cash flow as determined by Simpcw, provided all commitments contemplated by this Plan were current. They also agreed to postpone all dividend payments, repayment of shareholders' loans or any other removal of equity from the company, and defer making any advances or loans to the related companies except as provided for in this Plan, without the prior written consent of the Job Protection Commissioner.

2. North Thompson Indian Band (NTIB) agreed to maintain the current level of support to Simpcw by way of equity investments except as noted above.

3. As at Mar. 31, 2000, Simpcw was indebted to All Nations Trust in the amount of $338,137 relating to equipment purchases. In an effort to help the company return to profitability and repay those amounts in full, All Nations Trust agreed to defer repayment of arrears outstanding until Aug. 1, 2000. Commencing May 1, 2000 current interest charges

would be paid monthly, and starting on Aug. 1, 2000, it agreed to accept monthly payments of $11,300 including interest from Simpcw (except during the break-up months of April, May, June and July each year) to be applied towards the outstanding arrears.

All Nations Trust also agreed to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current interest charges were paid as they become due.

4. As at Mar. 31, 2000, Simpcw was indebted to Canada Customs and Revenue Agency in the amount of $265,000 approximately, relating to Payroll Deductions, the company's portion of Employment Insurance and Canada Pension Plan payments, and GST arrears. In an effort to help the company return to profitability and repay those amounts in full over time, Canada Customs and Revenue Agency agreed to defer all payments on the arrears outstanding until Aug. 1, 2000, and starting on Aug. 1, 2000, accept monthly payments of $12,700 from Simpcw (except during the break-up months of April, May, June and July each year) to be applied towards the outstanding arrears; Canada Customs and Revenue Agency also agreed to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current assessments were paid as they became due. Interest charges would be levied at the prescribed rate for overdue amounts.

5. As at Mar. 31, 2000, Simpcw was indebted to MoF in the amount of $185,000, approximately for overdue stumpage and interest charges (arrears). In the interests of ensuring continued support for the company, MoF agreed to defer all payments on the arrears outstanding, including interest thereon, until Aug. 1, 2000. Current interest charges on the arrears would also be deferred. Interest would be levied at the prescribed rate for overdue amounts, but no penalties for those arrears would be assessed.

   Starting on Aug. 1, 2000, MoF agreed to accept monthly payments of $9,000 (including interest) from Simpcw to be applied towards the outstanding, except during the break-up months of April, May, June and July each year. All current charges, billed to Simpcw would be paid as they became due. MoF also agreed to allow Simpcw to have access to $92,000 in funds held by Integrated Wood Specialty for silvaculture purposes, providing Simpcw agreed to repay those funds at $4,400 per month commencing Aug 2000 (except during the break-up months of April, May, June and July each year) until Simpcw had repaid IWS the full amount of the advance and no later than Dec. 31, 2002.

   MoF agreed not to invoice Simpcw for silvaculture costs as required by Section 71(3)(c) of the *Forest Practices Code of British Columbia Act* until such time as Simpcw had repaid IWS the full amount of the advance and no later than Dec. 31, 2002. Finally, MoF agreed to stay any collection action against Simpcw as long as Simpcw met the terms of this Economic Plan.

6. As at Mar. 31, 2000, Simpcw was indebted to the Royal Bank of Canada in the amount of $429,951 approximately by way of a demand loan (Loan #1) for $240,142, repayable at $7,000 a month including interest, a demand operating loan (Loan #2) for $100,000 and a temporary overdraft facility for $89,809. In the interests of ensuring continued support for the company, the Royal Bank of Canada agreed to defer principal payments on demand loan (Loan #1) until Aug. 1, 2000. Interest on this loan would be paid monthly.

Starting Aug. 1, 2000, the Royal Bank of Canada agreed to accept payments of $7,000 each month including interest and starting Aug. 1, 2001, accept payments of $14,000 each month from Simpcw (except during the break-up months of April, May, June and July each year) to be applied on the demand loan (Loan #1). It agreed to continue normal commercial operation of the demand operating loan (Loan #2) which requires interest to be paid monthly, and to consider, if necessary, temporary bulges in the operating loan/overdraft for Simpcw to accommodate small seasonal cash flow shortfalls, providing arrangements satisfactory to the Bank can be agreed upon. The Bank reserved the right to act in accordance with the terms and conditions of its loan agreement(s) with Simpcw.

7. As at Mar. 31, 2000, Simpcw was indebted to WCB in the amount of $108,000 approximately for unpaid premiums, penalties and interest. In the interests of ensuring continued support for the company, WCB agreed to defer all payments on the arrears outstanding until Aug. 1, 2000. Starting Aug. 1, 2000, it agreed to accept payments of $5,400 each month from Simpcw (except during the break-up months of April, May, June and July each year) to be applied on the outstanding arrears with WCB.

   WCB agreed to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current assessments were paid as they became due. Interest charges would be levied at the prescribed rate for overdue taxes, but no penalties for late payment would be assessed.

8. As at Mar. 31, 2000, Simpcw was indebted to the BC Hydro and Power Authority (BC Hydro) in the amount of $9,500 approximately for arrears in payment for hydro electric power provided, including penalties and interest. In the interests of ensuring continued support for the company, BC Hydro agreed to defer all payments on the arrears outstanding until Aug. 1, 2000. Starting Aug. 1, 2000, BC Hydro agreed to accept payments of $1,200 each month from Simpcw to be applied on the outstanding arrears with BC Hydro, and to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current assessments were paid as they became due. Interest charges would be levied at the prescribed rate for overdue accounts, but no penalties for late payment would be assessed.

9. As at Mar. 31, 2000, Simpcw was indebted to Becker Daley in the amount of $16,000 approximately for services provided. In the interests of ensuring continued support for the company, Becker Daley would, starting Aug. 1, 2000, accept payments of $2,100 each month from Simpcw to be applied on the outstanding arrears with Becker Daley.

10. As at Mar. 31, 2000, Simpcw was indebted to Shields Forest Products Limited (Shields) in the amount of $58,000 approximately. In the interests of ensuring continued support for the company, Shields agreed to defer all payments on the arrears outstanding until Aug. 1, 2000. Starting Aug. 1, 2000, it agreed to accept payments of $8,000 each month from Simpcw to be applied on the outstanding arrears with Shields.

    Shields agreed to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current invoices were paid as they became due.

11. As at Mar. 31, 2000, Simpcw was indebted to Slocan Forest Products Ltd. (Slocan) in the amount of $27,780.65 approximately. In the interests of ensuring continued support for the company, Slocan agreed to defer all payments on the arrears outstanding until Aug. 1, 2000. Starting Aug. 1, 2000, Slocan agreed to accept payments of $2,100 each month from Simpcw to be applied on the outstanding arrears with Slocan.

Slocan also agreed to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current invoices were paid as they became due.

12. As at Mar. 31, 2000, Simpcw was indebted to Gilbert Smith Forest Products Ltd. (Gilbert Smith) in the amount of $14,497 approximately. In the interests of ensuring continued support for the company, Gilbert Smith agreed to defer all payments on the arrears outstanding until Aug. 1, 2000. Starting Aug. 1, 2000, Gilbert Smith agreed to accept payments of $2,000 each month from Simpcw to be applied on the outstanding arrears with Gilbert Smith. No interest would be charged on the outstanding arrears.

    Gilbert Smith also agreed to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current invoices were paid as they became due.

13. As at Mar. 31, 2000, Simpcw was indebted to Tolko Industries Ltd. (Tolko) in the amount of $29,879 approximately. In the interests of ensuring continued support for the company, Tolko agreed to defer all payments on the arrears outstanding until Aug. 1, 2000. Starting Aug. 1, 2000, Tolko agreed to accept payments of $3,800 each month from Simpcw to be applied on the outstanding arrears with Tolko.

    Tolko also agreed to stay any collection action against Simpcw as long as the above monthly payments on the outstanding arrears and any current invoices were paid as they became due.

14. Integrated Wood Services Ltd. (IWS) agreed to release funds to Simpcw up to a maximum of $96,000, which were held in trust for the company for silviculture purposes, on the understanding that the account would be replenished by monthly payments of $4,400 commencing August 2000 (except during the break?up months of April, May, June and July each year) and continuing until the amount released to Simpcw was fully replaced.

Date Authorized: May 3, 2000
Date in Force and Effect: May 26, 2000

Slocan Forest Products Ltd.'s Fibreco Pulp Mill #2

The Fibreco mill at Taylor was built in 1986 to 1988 with an initial investment of $135 million by a cooperative of wood chip producers. In 1991, the Slocan group acquired an 80 per cent interest in the mill and the remaining 20 per cent in 1999. The mill currently produces a range of grades of softwood and hardwood BCTMP pulps from purchased chips. It employs approximately 150 people, and uses a CTMP process which is highly efficient in its use of wood fibre. It also uses hydrogen peroxide for bleaching, which totally eliminates chlorine and chlorine compounds from the process.

In 1999 an Economic Plan was developed to assist Slocan in maintaining operations of the Taylor mill through a depressed period in the pulp industry. A core feature of this plan was formula driven energy costs from BC Hydro, based on pulp prices and resulting financial performance of the mill.

In early 2000, an expansion and diversification plan was being undertaken which would enable the mill to produce pulp from hardwood (aspen) chips in addition to the existing softwood process and product. This expansion and diversification was anticipated to substantially increase the competitiveness and potential profitability of the Fibreco mill at Taylor. The company estimated their direct capital costs/commitment to carry out this upgrade at $6 million.

While the pulp industry appeared to be recovering, Slocan indicated that they were not prepared to commit to both the $6 million in new upgrade costs and the forecast premium power costs under the terms of the 1999 Economic Plan, by Mar. 31, 2000. Based on pulp prices forecast by NLK Consultants Inc., a premium of 50 per cent was indicated to commence by the second quarter of 2000. These premiums would be occurring at the same time capital expenditures were being made for the expansion and diversification of the Taylor mill.

In this regard, Slocan approached the Job Protection Commission (JPC) for assistance in obtaining a two year deferral of the previously mentioned premium electrical power costs. Under this plan, the pricing formula would commence Apr. 1, 2002.

Components of the Plan:

1. Ministry of Finance and Corporate Relations confirmed that the agreements it entered into in the Feb. 26, 1999 Economic Plan involving Slocan Forest Products Ltd - Fibreco Pulp Mill would continue, unless superseded by this Economic Plan, and they endorsed this Economic Plan.

2. The District of Taylor confirmed that the agreements it entered into in the Feb. 26, 1999 Economic Plan involving Slocan Forest Products Ltd - Fibreco Pulp Mill would continue, unless superseded by this Economic Plan, and they endorsed this Economic Plan.

3. The City of Fort St. John confirmed that the agreements it entered into in the Feb. 26, 1999 Economic Plan involving Slocan Forest Products Ltd - Fibreco Pulp Mill Division would continue, unless superseded by this Economic Plan, and they endorsed this Economic Plan.

4. BC Hydro confirmed that the agreements it entered into in the Feb. 26, 1999 Economic Plan involving Slocan Forest Products Ltd - Fibreco Pulp Mill would continue, unless superseded by this Economic Plan, and to provide Fibreco Pulp Mill power used in the operation of the mill for the period Jan. 1, 1999 to Mar. 31, 2000, based on the original payment formula. BC Hydro agreed to charge electrical power at 100 per cent of normal power rates for the period Apr. 1, 2000 to Mar. 31, 2002 plus a premium payable in lieu of interest.

   BC Hydro agreed to accept, for the period from Apr. 1, 2000 to Mar. 31, 2002, a premium to be adjusted on a quarterly basis in relation to the prevailing Bank of Montreal prime rate.

   Effective Apr. 1, 2002, BC Hydro agreed to accept the payment for power supplied based on the original formula until the aggregate premium so paid, if any, plus the premium payable was equal to the aggregate of the discounts granted pursuant to the formula, plus an amount determined by multiplying the cumulative discount amount on a monthly basis by the prevailing Bank of Montreal prime rate for that month. They also agreed that the pricing formula would survive the expiration date of this Economic Plan.

5. Slocan Forest Products Ltd. - Fibreco Pulp Mill Division confirmed that the agreements it entered into in the Feb. 26, 1999 Economic Plan involving Slocan Forest Products Ltd - Fibreco Pulp Mill Division would continue, unless superseded by this Economic Plan. They agreed to the payment to BC Hydro for electrical power consumed in the Fibreco Pulp Mill for the period Jan. 1, 1999 to Mar. 31, 2000 in accordance with the original formula, and to pay electrical power costs at 100 per cent of normal power rates for the period Apr. 1, 2000 to Mar. 31, 2002.

   Slocan further agreed to pay a monthly premium in lieu of interest, to be adjusted on a quarterly basis in relation to the Bank of Montreal prime rate, during the period from Apr. 1, 2000 to Mar. 31, 2002. Effective Apr. 1, 2002, it agreed to pay for power consumed based on the original formula until the aggregate of the premiums so paid, if any, plus the premium payable was equal to the aggregate of the discounts granted pursuant to the formula, plus an amount determined by multiplying the cumulative discount amount on a monthly basis by the prevailing Bank of Montreal prime rate for that month.

   Slocan agreed that the pricing formula would survive the expiration date of this Economic Plan, and recognized that in the event the Fibreco Mill was sold, this Economic Plan and the obligations hereunder would continue to be in effect. It committed to the repayment schedule for any deferred property taxes as outlined in the Feb. 26, 1999 agreement, and in the event that the Fibreco Pulp Mill stopped purchasing electrical power from BC Hydro and started purchasing electrical power from other suppliers, any discounts granted from Jan. 1, 1999 to Mar. 31, 2000, plus the amount determined by multiplying the cumulative discount amount on a monthly basis by the prevailing Bank of Montreal prime rate for that month, in excess of premiums paid, would become due and payable as a final premium.

6. The Fibreco Mill Committee confirmed that the agreements it entered into in the Feb. 26, 1999 Economic Plan involving Slocan Forest Products Ltd - Fibreco Pulp Mill Division would continue, unless superseded by this Economic Plan, and they endorsed this Economic Plan.

Date Authorized: Feb. 17, 2000
Date in Force and Effect: Mar. 14, 2000

Thomson Industries Ltd. #2

Thomson Industries Ltd. (TIL) is part of the Clarke Group of companies, the President of which is Fred Clarke. It is located in Prince Rupert and employs 17 people. TIL held Forest Licence A16837 in the North Coast Forest District and had been operating in a number of drainages since 1988. The Annual Allowable Cut (AAC) was 30,696 m3, however, apart from a small cedar harvesting operation, the company had not harvested during its five year cut control period which started in 1997. This was attributable to high costs in operating in this remote region combined with low domestic log values. The end result was that the company was in year four of the cut control period and had only harvested 36,627 m3 of the five year cut total of 153,480 m3. To minimize the penalties inherent with an undercut and to create employment, the company sought ways to harvest economically.

The company was the subject of an Economic Plan dated Aug. 4, 1999 under which the company proposed to harvest 74,212 m3 from cutting permits 17, 321 and 322 by the end of 1999. In order to reduce its losses, Ministry of Forests

(MoF) agreed to consider exports up to 50 per cent of the 1999 harvest. Unfortunately, due to local operating constraints, the company was unable to initiate the necessary road construction activities in 1999 and as a result, no wood was harvested in 1999.

The company proposed to harvest cutting permits 17, 321 and 322 commencing in June 2000 with the necessary road construction starting by Apr. 15, 2000. TIL foresaw a harvest of 72, 212 m3 in 2000 which without the benefit of an export component would result in an accounting loss of $2.6 million. With the ability to export up to 50 per cent of the volume, the losses would be reduced to approximately $1.385 million. It was anticipated that the harvest would be completed by Oct. 31, 2000 and the exports finished by Dec. 31, 2000. The harvest would result in roughly 36,106 m3 being made available to domestic mills.

The purpose of this Economic Plan was to address the economic dilemma that the company was facing, while generating economic activity in the forest sector.

Components of Plan:

1. Ministry of Forests (MoF), in order to stimulate logging activity and to increase the supply of logs for domestic mills, agreed to consider the approval of one or more ministerial orders for the export of a maximum of 50 per cent of the timber harvested from Forest Licence A16837, cutting permits 17, 321 and 322, with 50 per cent going to the domestic market. The exports would be authorized only for the period between the authorization of this Plan and Dec. 31, 2000, if the Minister or his designate was satisfied that the timber from the lots was not economical to harvest and process in the vicinity of its origin, and could not be economically harvested and transported to a processing facility located elsewhere in the province.

   MoF stated that they required a payment of a fee in lieu of manufacturing of $1/m3 on the export of the timber, and might impose other requirements, conditions and limitations in respect of the timber to be exported.

2. Boyle and Dean Logging Ltd. agreed to apply best efforts to entirely harvest timber from Forest Licence A16838, cutting permits 17, 321 and 322 by Oct. 31, 2000 and to offer at least 50 per cent of the timber harvested from those cutting permits to the domestic industry and to maintain a level of employment consistent with the planned manning requirements. It also agreed to keep its stumpage account current at all times, and provide the monthly employment statistics for Forest Licence A16837 to the Job Protection Commission.

3. The Truck Loggers' Association agreed to endorse the plan.

Date Authorized: Mar. 17, 2000
Date in Force and Effect: May 23, 2000

Tsaquah Enterprises Ltd.

Tsaquah Enterprises Ltd. is a wholly owned company of the Tsaquah Nation. It is located in Ucluelet and employs 10 people. The company held a nonreplaceable Forest Licence (A60803) which had an Annual Allowable Cut (AAC) of 20,625 m3. The licence was issued under the terms of the Clayoquot Sound Interim Measures Extension Agreement. Under the terms of the licence, it was necessary to construct a sawmill which was undertaken through Tsaquah Development Ltd., a company which is owned jointly by the Tsaquah Nation and Chief Bert Mack. The sawmill had, in the past, employed between nine and 14 workers, although recently it had operated intermittently employing two to three workers for six to seven months annually. The harvesting of the sale had been contracted out by Tsaquah Enterprises Ltd. to Coulton Forest Products Ltd. and it was a combination of heli- and conventional logging. Aboriginal employment on the harvesting side was in the area of the operation of logging trucks and other pieces of road building equipment through a company owned by Chief Mack.

In January 2000, Tsaquah Enterprises Ltd. had approximately 25,400 m3 of good quality fibre left to complete harvesting the licence, however, the harvest would result in the company suffering a loss in excess of $900,000. The operator had a large investment, approximately $650,000, in roads, bridges, planning and engineering costs which could only be recovered by finishing the harvest. The company representatives had numerous discussions in 1999 with Ministry of Forests (MoF) staff concerning technical remedies which would permit the balance of the harvest to be undertaken without the large financial losses. Despite the best efforts of all, no satisfactory solutions were identified.

The company was referred to the Job Protection Commission (JPC) by MoF in early 2000. Discussions between the JPC and MoF staff focused on an Economic Plan which would involve setting a fixed stumpage rate which would permit the balance of the harvest to be completed.

Due to operational demands to provide fibre to the sawmill of Coulton Forest Products Ltd., the harvest then proceeded on the assumption that an Economic Plan would be approved shortly. However, this action precluded setting a fixed stumpage rate since it could not be made retroactive to cover wood already scaled.

The purpose of the Economic Plan was to permit the applicant company to break even on the final portion of the recently completed harvest through a Remission Order which would approximate the financial relief contemplated previously.

Components of Plan:

1. Ministry of Forests agreed to prepare a Remission Order in the amount of $805,212 in favour of Tsaquah Enterprises Ltd., and take it forward to Treasury Board with a favourable Ministerial recommendation for approval.

2. Tsaquah Development Ltd. endorsed the Plan.

3. Coulton Forest Products Ltd. agreed to provide annually up to 5,000 m3 of fibre on a right of first refusal at market rates to Tsaquah Development Ltd. for processing through the Wincott mill.

4. Tsaquah Nation endorsed the Plan.

3. Tripoda Enterprises Ltd. agreed to meet all of the requirements pertaining to completing the harvesting of Forest Licence A49603.

Date Authorized: July 6, 2009
Date in Force and Effect: July 13, 2009

Triumph Timber Ltd.

Triumph Timber Ltd. (Triumph Timber) is a new company located in Prince Rupert, which was formed in June 2009 with the purpose of purchasing Forest Licence FL A16820 and related timberlands assets from West Fraser Mills Ltd. (West Fraser). Triumph Timber's two main shareholders are Olsen Management Inc. (Olsen), and Perkyn Log Ltd. (Perkyn). It employs 150 people.

Tolkwa Construction Ltd.(Tolkwa), is a subsidiary of Olsen and is a Bill 13 contract stump to dump logger and road builder for West Fraser on a portion of FL A16820 with 180,000m3 of harvesting rights. Tolkwa is one of the Bill 13 contractors that have been affected by the down turn in the economy and the reduction in West Fraser's harvest levels in the past. Tolkwa has conducted harvesting operations on the Forest Licence since 1991, and would continue to operate on the Forest Licence subsequent to this transaction.

In 1999, Tolkwa was one of the companies which entered into an independent market logging contract with West Fraser as part of the provisions of the Apr. 6, 1999 West Fraser Economic Plan. For the 1999 operations, Perkyn signed an agreement with Tolkwa to market the logs produced by Tolkwa under their market logging agreement with West Fraser. Perkyn also provided financing inventory through out the project. Perkyn has been active in the North Coast District since 1998.

The objective of Triumph Timber was to harvest the logs produced from FL A16820 and to sell the logs into the open market. North Coast Timber would have a first opportunity to purchase saving production from Triumph Timber, which was expected to equate to approximately 10 to 15 per cent of the FL volume. Triumph Timber needed the benefits related to log export of the current Economic Plan for West Fraser to be continued, to ensure access to its current markets and to make FL A16820 economic to harvest. In this manner it could continue to market logging and the level of employment of approximately 150 that is achieved in 1999.

The Economic Plan was developed to describe the commitments required of each of the subdivisions in order to allow the continuation of a base level of employment in the North Coast Timber overall, and maximize the logging effort on FL A16820 during calendar year 2009.

Components of the plan:

1. Ministry of Forests (MoF), consistent with the Apr. 6, 1999 Economic Plan under the *Job Protection Act* for West Fraser, and in order to facilitate the purchase of FL A16820 from West Fraser by Triumph Timber, and in order to stimulate logging activity and increase the supply of logs for domestic mills, agreed to provide, as appropriate, expost approval by Ministerial Order for applications not exceeding 15,000 m3 per application for logs originating from FL

[illegible] (the "Work Coast Terms") as the following conditions:

a) A maximum of [illegible] per cent of the total volume (expressed and settled under (3), [illegible]) may be exported;

b) Logging and related costs exceed total [illegible] by [illegible] and logging operations [illegible] otherwise its permission is urgent;

c) Logs that would be exported must be harvested and sorted in a fashion that [illegible] and comply in [illegible] as a fashion [illegible]; and

d) In the event the logs were exported, the fee is [illegible] payable as a [illegible]

3. West Coast Timber Co. Ltd. confirmed that its agreement entered into in the Apr. 4, 1999 Economic Plan under the Job Protection Act would continue unless superseded by the Economic Plan. West Coast also agreed to continue using reasonable commercial efforts after the expiry of the Apr. 4, 1999 Economic Plan under the Job Protection Act to Dec. 31, 2000 to ensure normal operation of Work Coast Timber in such an economic conditions were reasonable.

5. Triumph Timber Ltd. agreed to continue using reasonable commercial efforts throughout its remainder of 2000 to ensure and continue normal [illegible] operations in the Work Coast Fish. Triumph committed to applying employment for all of its employees in both operations. Chamber Coast and Triumph Bay subject to negotiating a mutually agreeable work sharing program for available work where waste operating activities did not unless additional levels.

It agreed to apply that efforts to have at least 60 per cent of normal Annual Allowable Cut (AAC) harvested under (3), [illegible] during calendar 2000. In normal arrangement or independent logging agreements with is companies. Triumph also agreed to give serious consideration to any proposals by its logging companies to enter into independent logging agreements for any further volumes in (5), [illegible] during calendar year 2000, up to a maximum of 150 per cent of normal AAC.

6. The Trade Logger's Association endorsed the Economic Plan.

Date Authorized:	Aug. 10, 2000
Date in Force and Effect:	Sept. 10, 2000

[illegible]

West Coast Forest Products Ltd. (WCFP) is a publicly traded company. Its majority of its shares being held by Mexico Cable Products (1987) Ltd. (MCP). WCFP and Forest Licence [illegible] in the Fraser Timber Supply Area, which provide employment to approx. [illegible] its decline in the Japanese market. It is located in Mexico and employs [illegible] people. In 1998 as part of an Economic Plan for MCP, WCFP was permitted to export up to 30 per cent of its harvest in that year. The company did not adhere to this percentage of export as it exported only 12 per cent of its harvest volume.

During the course of developing its Economic Plan for MCP, the command export processes in WCFP was recognized in order to not put the future of the value company in jeopardy. Similarly, the mill for MCP is more its public company, not to [illegible] was also recognized as being important for the long term future of MCP.

[illegible] approved by the Protection Commission (PC), applying rates outlined in the [illegible] Schedule of Charges (SOC). The PC's approval is subject to [illegible] the Licensee [illegible] [illegible]. The PC's approval may [illegible] [illegible] [illegible] [illegible].

The purpose of the Economic Plan under the [illegible] is [illegible] the economic interests of the [illegible] while preserving economic activity in the [illegible] sector.

Components of Plan

1. Ministry of Finance (MoF) is [illegible] a pricing [illegible] is [illegible] of [illegible] the Licensee [illegible] approval of the [illegible] Ministry of Finance (dated [illegible]), the [illegible] [illegible] [illegible] the Plan and the [illegible] [illegible] [illegible]

[redacted]

[redacted]

- [redacted]

[redacted]

Ocean Blue Cedar Products Ltd. (Ocean Blue) has operated a shake and shingle mill on the Campbell River Estuary since 1974. An associated company, Anglo-American Cedar Products Ltd. of Mission, leases 1.05 acres of foreshore land in the Campbell River estuary on a five year renewable lease from the Province (BC Assets and Land Corp.) as part of Ocean's operations. Log booms are brought to the property at high tide (13' or higher). These logs are later removed to dry land with the aid of a 950F log loader at a 9' or less tide, where they are processed into shakes and transported to Anglo-American Cedar, in Mission. The operation employs 30 people. The foreshore lease expires in February 2000, and BC Assets sought input from interested parties prior to its renewal, including the District of Campbell River, and Fisheries and Oceans Canada (FOC).

There was the desire in the community to transform the use of the estuary lands from heavy industrial to urban and recreational use. A consultant was engaged to develop a plan for the relocation of industry from the estuary. While the Plan called for the eventual withdrawal of industry over time, no funding sources were identified to assist with the relocation. The division of Campbell River Mills on the adjacent property in 1998 afforded the opportunity to those opposed to industry on the estuary, to make greater efforts to move all industry away from the estuary. Ocean Blue claimed that there were no suitable alternate sites available at that time to de-water its logs. Even if a suitable location could be found, the company advised that it did not have the financial resources to endure the costs involved. To truck in the logs would also not represent an option as it would not be economically viable. We understood that this method would add approximately $10/m3 to the cost of production. Ocean Blue advised that it had made serious efforts to improve the fish habitat and shore line environs. It proposed to discontinue the use of the log loader in the water and replace it with a land based cable crane that would lift the logs out of the water. The company claimed that if the lease was not renewed, Ocean Blue would be forced to close, with the resultant loss of 30 jobs in Campbell River.

FOC had concerns that the area in which Ocean Blue operated, was environmentally sensitive and that current operations were detrimental to the fish habitat. FOC supported the concept of industry relocation away from the estuary. The community of Campbell River was divided in its opinion between the protection of the environment and the need for economic activity and jobs.

The Job Protection Commission (JPC) was asked to review the options available and to recommend a course of action that would address the concerns of all stakeholders. Towards this end, in 1999 TFC Consulting Ltd. was engaged to conduct the study. There was a general consensus that industry should relocate away from the estuary by 2006 as per the original Campbell River Estuary Management Plan. The study concluded that the relocation of Ocean Blue to an alternate site at the present time was not feasible, either financially or operationally. The company was not in a position to undertake the additional moving costs, and the potential relocation site at Menzies Bay would not be available for at least two years. Taking into consideration the varying interests and priorities of stakeholders, the foundation for a Mediation Plan was provided.

The purpose of this Mediation Plan was to define what commitments or concessions were necessary from the various stakeholders to enable Ocean Blue to remain in business while the relocation process advanced.

Components of the Plan:

1. Ocean Blue Cedar Products Ltd. agreed to employ reasonable commercial efforts to maintain production at the current site during the term of the Plan and while plans proceed for relocation. They agreed to install a shore-mounted grapple crane and make associated shoreline improvements for the extraction of logs in accordance with the appropriate sections of the *Fisheries Act*.

   The company agreed to enter into a new lease agreement with BC Assets and Land Corp. for the two water lots and, subject to its availability, a portion of the Raven Industries water lot. The lease would expire on Dec. 31, 2005 and Ocean Blue agreed that it would not request an extension or renewal of this lease. They also agreed to enter into consultations with the District of Campbell River to submit an application on behalf of Ocean Blue to the Ministry of Community Development, Cooperatives and Volunteers to fund a study on the feasibility of relocating the company off the Campbell River Estuary. This request was intended to provide 50 per cent of the cost, up to a maximum of $50,000, of a study to identify the costs and benefits, and develop a relocation strategy, associated with a move to the proposed Menzies Bay location.

   Ocean Blue agreed to post a bond or provide a letter of credit in the amount of $50,000 to BC Assets and Land Corp. Up to $25,000 might be released to pay third party consultant costs relating to the relocation strategy, and $25,000 to be released upon relocation from the current water-lot site. They also agreed to enter into discussions with Weyerhaeuser and/or others to identify and secure a suitable site at Menzies Bay, and to establish a firm timeline for the relocation of Ocean Blue's operation subject to completion of a positive relocation strategy and the completion of a redevelopment plan by Weyerhaeuser and/or others for Menzies Bay. They agreed to investigate economic feasibility of bundle breaking at Gowland Harbour, and opportunities to replicate the Gold River truck hauling process from other North Island Logging sites.

2. Anglo-American Cedar Products Ltd., in the interest of assuring that Ocean Blue remained viable and in a position to undertake the commitments contained in this Mediation Plan, agreed to continue providing the current level of assistance to Ocean Blue in the form of management, marketing and financial support.

3. BC Assets and Land Corp. agreed to enter into a new lease agreement with Ocean Blue, to expire Dec. 31, 2005, for the existing two water lots and, subject to its availability, for a portion of the water lot held by Raven Industries. They agreed that the new lease would not contain any provision for renewal or extension of the lease beyond the expiry date of Dec. 31, 2005, and they agreed to hold a bond of $50,000 from Ocean Blue. Up to $25,000 could be released to pay third party costs relating to the relocation strategy, and the remainder to be released upon relocation from the current water lot site.

4. Fisheries and Oceans Canada (FOC), in recognition of its mandate to improve the fish habitat and the requirements of the Mediation Plan to have Ocean Blue relocate to an alternate site, agreed to withdraw its objections to a lease renewal to Dec. 31, 2005 between Ocean Blue and BC Assets and Land Corp. for the water lots (as per original CREM plan target). They agreed to the installation of a grapple crane and associated on-shore works, subject to negotiation of authorization under the *Fisheries Act*, between FOC and Ocean Blue, as an interim measure, to improve the fish habitat.

FOC did not relinquish its statutory responsibility under the *Fisheries Act* or management of fish habitat in the Campbell River Estuary and more specifically Baikie Slough through its national " Policy for the Management of Fish Habitat" with respect to activities and works that might negatively affect fish habitat.

5. The District of Campbell River, in recognition of Council's mandate to ensure a balanced approach to socioeconomic and environmental concerns, with respect to the Campbell River Estuary Management Plan and the Estuary Management Commission's mandate to recover Estuary Habitat, agreed to support an application on behalf of Ocean Blue to the Ministry of Community Development, Cooperatives and Volunteers for funding to study the feasibility of relocation of the company off the estuary. They also agreed to support Ocean Blue's application to BC Assets and Land Corp. for a new lease to Dec. 31, 2005.

Date Authorized: Jan. 17, 2000
Date in Force and Effect: Jan. 26, 2000

- Central Interior Log Sort Ltd.
- Gibraltar Mines Ltd.
- Huckleberry Mines Ltd.
- Louis Russo, S & O Sawmills et al
- Methanex Corporation
- Mount Polley Holding Company Ltd.
- North Vancouver Airlines Ltd. et al
- Omega Packing Ltd.
- Pacific Western Brewing
- Quintette Coal Limited
- Re-Con Building Products Inc.
- Takla Development Corporation
- Thompson Creek Mining Ltd.
- UAS Industries Ltd.

Central Interior Log Sort Ltd.

Central Interior Log Sort Ltd. employs 10 people. The company operated a log sort yard adjoining the Prince George Specialty Sawmill site in Prince George. Financial support was provided in part by the landlord through established logging operations. The site was well located to select and deliver those logs best suited to the specific requirements of the adjoining sawmill while sorting the remainder for sale elsewhere. Because the sawmill was facing serious financial difficulties, Central Interior undertook to conduct logging operations on the F.G. Specialty timber licence, and to seek other ways of assisting the sawmill operation while at the same time trying to insulate itself from the mill's financial difficulties. Central Interior also attempted to obtain an independent source of timber to augment operations. The company approached the JPC to discuss possible alternatives the log sort operation might explore. A consultant, Sterling Wood Group Inc. was engaged to do a viability study.

The eventual failure of the sawmill operation meant the loss of a major customer and a sizable bad debt writeoff in spite of attempts to avoid this. The log sort operation was forced to close.

Gibraltar Mines Ltd.

Gibraltar Mines Ltd. is a large scale 35,000 tonne per day open-pit copper mine located 60 kms north of Williams Lake, employing 180 people. Gibraltar Mine, when running, is reported to be one of the most efficient large scale open pit mining operations in the world. However, due to low copper prices, the mine was closed and has been on a care and maintenance program since December 1998.

The company approached the JPC for assistance to enable it to reopen operations. In March 2000, the consulting firm of Rescan Engineering Ltd. was engaged to undertake a review of the proposed reopening of the mine. The consultant presented a report, but a decision to reopen was delayed because the company was waiting for a sustained copper target price of US$0.85/lb before proceeding with restarting the operation. In October 2000, the company completed a scoping study with Cominco on the feasibility of establishing a refinery at the mine. At year end, the company was working with the Ministry of Employment and Investment to try to get assistance to install a refinery at the site, and to restart operations at the mine.

Huckleberry Mines Ltd.

Huckleberry Mines Limited (Huckleberry) owns and operates an open pit copper/molybdenum mine located approximately 130 km south of Smithers and 86 km southwest of Houston, British Columbia. It employs 172 people. The mine, which commenced production in October 1997, has a scheduled life of 11 years of production through to 2011. In 1998, because of low metal prices, the JPC assisted the company in restructuring its finances. The consulting firm of Kilborn Engineering

Pacific Ltd. was engaged to conduct a study consisting of a review and analysis of the operational and financial viability of the mine. An Economic Plan was developed and approved, which contained cost cutting measures and deferrals from stakeholders. That action allowed the mine to continue operations. While metal prices had recovered somewhat in Year 2000, they had not reached targeted levels. The company asked the JPC for further assistance as some of the deferrals that allowed the mine to operate under the original Plan were terminating and required repayment.

The consulting firm of Kilborn Engineering was engaged to update its previous study, and to determine if continued extensions of concessions by stakeholders were appropriate. In July 2000, the draft report concluded that the company was in a positive cash flow position, but could not meet all of its commitments when due. A new draft Economic Plan was being prepared for consideration by stakeholders in August 2000. The company subsequently withdrew its request for additional concessions due to the rise in metal prices and forecast of further gains on the futures market. At year end the company was in negotiations with the Ministry of Employment and Investment (MEI) with a view to reducing the interest rate applicable to MEI's term debt.

Louis Russo, S & D Sawmills et al

The Russo Group of companies own three mills in Kelowna, Revelstoke and Westbridge. Products manufactured included dimensional lumber, railway ties, reconditioned pallets and wood waste products of bark mulch and compost. In July 1999, a fire partially destroyed the Kelowna sawmill, which employs 33 people. However, the Kelowna mill was experiencing some difficulty in reopening stemming from insurance claim problems and zoning difficulties. Although most of the damaged equipment had subsequently been replaced from insurance proceeds, the mill was only partially operational due to continued cash flow problems. The Revelstoke facility, which Russo Group recently acquired, was idle as a result of a lack of working capital. With two of the three mills essentially closed, the Russo Group ran into serious financial difficulties. Exacerbating the situation, the principal had invested heavily and embarked on an ill-conceived composting program without first obtaining the requisite regulatory approval.

In October 2000, the JPC engaged the services of Sterling Wood Group Inc. to conduct an independent assessment of the Group's operations. The study concluded that although the core sawmilling activities were economically viable, the Group was badly overleveraged to the extent that cash flows from operations could not support loan commitments and supplier payables on normal trade basis.

A draft Economic Plan was prepared and circulated to all stakeholders for comments. Suggested amendments to the Plan were received from various stakeholders, and talks were ongoing with Russo's bankers at year end to try to gain their support for the Plan.

Methanex Corporation

Methanex Corporation is the world's largest manufacturer of methanol. The head office of the company is in Vancouver and it has a manufacturing facility in Kitmat where it employs 127 people. The company has been in discussions with the JPC since April 1999 due to operating losses it was incurring at the Kitimat plant.

Since then the JPC had been working with the company in an effort to find means to reduce costs and keep the plant operating. In May 2000, the company suspended operations at Kitimat in order to review its future. In October 2000, the JPC hired Erythana Ventures Corp. to do a viability study on the company. Meanwhile, the JPC had been instrumental in promoting in depth discussions between the company and its natural gas provider, Pacific Northern Gas Ltd., in an effort to restructure the existing agreement between the two companies. The two firms had executed a Letter of Agreement towards this end, and a draft Economic Plan was prepared in November 2000. As part of the plan, the Province was being asked to participate in a risk sharing arrangement with Methanex on future losses that the company would incur. At year end, the Province was prepared to consider some form of financial assistance to the company, however, it appeared that it would not meet the requirements of Methanex.

Mount Polley Holding Company Ltd.

Mount Polley Holding Company Ltd. (MPH) operates the Mount Polley Mine, an open pit gold/copper mine located 56 km northeast of Williams Lake in south central British Columbia. It employs 165 people. Construction of the mine commenced in May 1996, and total startup costs in 1997 came to some $115 million. The mine was built on the assumptions that the prices of gold and copper would average US$380/troy ounce and US$1/lb respectively. In 1998, the company was forced to issue lay off notices to all of its employees due to extremely low metal prices. The Job Protection Commission (JPC) assisted the company with an Economic Plan, which contained deferrals from stakeholders based on the market prices for metals. That action allowed the mine to continue operations.

Some of the deferrals that had allowed the mine to operate under the Economic Plan were terminating and required repayment in Year 2000. While metal prices had recovered somewhat, they had not reached anticipated levels. The company approached the JPC to review all elements of its Economic Plan for possible continued extensions of concessions by stakeholders. MPH advised that without such extensions, the shareholders were considering closure of the mine until metal prices recovered. The JPC engaged Kilborn Engineering Pacific Ltd. to update its previous study and determine if continued assistance was warranted.

A draft Economic Plan was developed in July 2000, but as a result of increased copper prices, enhancing cash flows, the company withdrew its request for extensions of concessions from stakeholders. With the ending of concessions under the existing Economic Plan, the company was responsible for paying full tariffs on its power and taxes, and also began repaying some concessions.

North Vancouver Airlines Ltd. et al

North Vancouver Airlines is a small charter and limited schedule flight operation based at Vancouver International Airport. It employs 35 people. In anticipation of an increasing volume of business as a result of the Air Canada / Canadian Airlines merger and on the strength of an agreement in principle to provide seasonal services to a resort operation in the Caribbean, the fleet was expanded. The acquisition of additional aircraft involved extensive capital costs to bring the new aircraft to operational standards, in addition to the ongoing lease payment obligations.

While the company still had a reasonable security value to support operating and term borrowings, the cash flow to meet debt payments was severely impaired by the rapid expansion, particularly as the expected Caribbean contracts were subject to continuing delays. Also, increased landing fees and a duplication of Canadian onsite inspections for the proposed operation in the Caribbean were adding to the problems.

The JPC was asked to assist with a review of the company's position and alternatives and assist in the preparation of material to be used in the search for additional funding / restructuring of the existing debt. This involved an assessment of the security and repayment ability for presentation to the existing chartered bank connection and to others.

A contract for the proposed Caribbean operation was never signed. Consequently the company returned the leased aircraft with penalties and continued operating on a reduced basis.

Omega Packing Ltd.

Located in Masset, the company employs 25 people involved in the fish processing business. The company was formed in 1997 following the closure of the British Columbia Packers facility.

Leasing the facilities from the former operator, the company received financial assistance through a loan guarantee from the provincial government. The business recorded poor financial results since its opening and this culminated in the company being referred by the Ministry of Agriculture, Food and Fish to the Job Protection Commission in September 2000.

An independent consultant, Nelson Bros. Fisheries Ltd., was engaged by the Job Protection Commission to undertake a financial and operational viability review of the business. The consultant's report was completed in December 2000 and at year end the findings were being reviewed by the stakeholders to ascertain if anything could be done to permit the company to remain in operation.

Pacific Western Brewing

The subject brewing facility was constructed on the present site in Prince George in 1957. The plant experienced a variety of owners, was upgraded on many occasions and operated with variable success over the ensuing years. It employs 100 people. The current owner, Kazuko Konatsu, purchased the facility in 1990. PWB is independently owned and is currently

the third largest brewer in British Columbia with Labatts and Molsons both producing and selling substantially more product. No other brewery in the Province is of similar size or nature, however there are a number of mini-breweries that produce and sell specialty beers in the Province. PWB indicated that their domestic sales through Liquor Distribution Branch stores had been dropping while their marketing efforts had been increasing. They believed that policies within the Beer Category Management System (BCM), which dictates how beer products are displayed and marketed through LDB stores, was flawed and was a major contributor to their market problem. They indicated that the company was approaching a financial crisis unless market access and sales could be improved.

A report was prepared by MCSI Consulting Services Inc. to review the Beer Category Management System and determine how it affected PWB, if it was unfair to PWB, and to review and analyze PWB's operations with a view to identifying possible ways and means of improving the results.

Although direct cause and effect was difficult to assess, the report found that while BCM might not be beneficial to PWB, there was nothing to indicate that LDB marketing policies were unfair. A major problem faced by PWB was a loss of export sales. It was also generally agreed that competition in the domestic beer market had intensified significantly. In addition there had been significant increases in the imported products, which were being competitively priced to gain market share.

Indications were that smaller British Columbia brewers were facing a difficult marketing situation, and that the Province and LDB had been monitoring the circumstances and responding accordingly. The markup on beer sold by small breweries was already less than on beer of the large commercial breweries and imports. At the same time, the LDB was faced with meeting set earnings targets. This presented a difficult situation for the LDB.

It was indicated that small BC brewers, including PWB, were forming a group to seek common solutions. Given that PWB and others in the industry were facing a challenging situation, the JPC would continue to be receptive to further discussions with PWB or any others in the industry, where assistance could be considered appropriate and beneficial.

Quintette Coal Limited

The Quintette mine, an open pit coal mine located close to Tumbler Ridge, operated three pit areas with a fourth under development before permanent closure. The mine, developed on the strength of long term sales contracts with the Japanese steel industry, commenced production in 1984 and produced 2.5 million tonnes of coal per year and employed approximately 500 people. Teck Mining Group, Charbonnages de France, Sumitomo, Tokyo Boeki and a number of other Japanese companies held the common shares of Quintette.

In 1991, Teck Corporation assumed management responsibility for the operation of the mine, and embarked on a new operating plan and cost cutting measures to generate positive cash flows for the debt holders. During that year, the Japanese price for metallurgical coal fell from US$51 to US$41, and volume cutbacks of 30 per cent were imposed on all suppliers to the Japanese steel industry. As a result, Quintette's tonnage was cut from three million tonnes to 2.5 million tonnes per year.

The combination of price decline and volume cut had placed the operation in a negative cash flow position. In January 2000, the company approached the JPC for assistance in restructuring some of its operating costs as an alternative to laying

off employees and closing the mine. The IPC engaged the services of Norwest Mine Services Ltd. to undertake an operational and financial review of the mine in order to assess its viability. In March 2000, Teck Corporation announced the permanent closure of the Quintette mine to be effective August 2000, and that it would service its Japanese contracts from its other more profitable mines. The final consultant report submitted in April 2000 indicated that the mine was not viable.

Re-Con Building Products Inc.

The Clarke Group of companies has been involved in production of cedar roofing materials for many years. Recognizing the reducing supply of suitable materials as well as the increasing demand for fire resistant products, the Group developed a resin impregnated pulp/concrete simulated shake and slate product that looks and handles very similar to a wood shake or slate material. In 1982 Re-Con Building Products Inc. was incorporated to acquire the technology, a plant was established in Abbotsford (with Federal Government assistance) and, in 1984, production commenced. It employs 140 people. Re-Con is listed on the VSE with control remaining with the Clarke Group.

Sales reached almost $30 million in 1996 but significant product performance problems were encountered, causing high warranty claims and resulting in the company seeking protection under the *Canadian Bankruptcy and Insolvency Act*.

A joint venture interest was sold to pay down bank debt and provide minimal funding to resume operations and agreements were made to settle with unsecured creditors. The company took steps to correct product deficiencies and customer response to the improved product quality was encouraging. However, operating funding remained critical. The Job Protection Commission engaged a consultant, Evolution Ventures Corp., to review the operations, provide a report regarding current circumstances and suggest courses of action that could be considered.

Following numerous discussions, in which the IPC participated, it was agreed that a related company would purchase Re-Con's building for its estimated value of $2,500,000. These funds were utilized to reduce a $1 million operating advance bridge and provide $1.5million working capital. Western Economic Diversification (WED) provided a further $2.7million for working capital secured behind Royal Bank term advances. The Royal Bank remained with a $2.5million margined operating credit and a $1.25 million term loan. It was requested by the company that the Province guarantee this term loan, but that did not happen. However, in view of the indicated value of the machinery and equipment which represents the security for both the Royal Bank (1st) and WED (2nd), the position of the Royal Bank does not appear to be unduly exposed without the additional back up of a provincial residual guarantee. At year end the company was still in business.

Tahltan Development Corporation

Tahltan Development Corporation is located in Tahltan Lake and employs 22 people. The company operates an eight year, $1,000 m3/year non replaceable forest licence. The combination of relatively low log prices and an increase in stumpage made their timber uneconomic to harvest. The company approached the IPC for assistance to try to reduce log costs in order to preserve the jobs and benefits that flow from the licence to the Tahltan Lake Band.

The IPC retained an independent consultant, [illegible], to review the operation and to recommend ways in which costs could be reduced. Although some useful suggestions were made, the general conclusion was that the operation did not appear to be viable. No Economic Plan was developed because relief from mortgage and other charges was not considered appropriate, as it would have had to be in the form of an ongoing subsidy.

[illegible]

Thompson Creek Mining Ltd. (TCML) is the operator of the Endako Mine which employs 350 people. The mine is located 160 km west of Prince George and 3.2 km southwest of the Village of Endako near Highway 16, the road that connects Prince George with Prince Rupert. It is an open pit mine and is one of the world's largest primary producers of molybdenum and the only primary producer of molybdenum in Canada, with a throughput of 27,000 tonnes per day. The mine has been in continuous operation since 1962 with the exception of a brief period in the early 1980's due to poor worldwide economic conditions, although Endako was able to maintain a continuous supply of product from inventory.

In 1997, Thompson Creek Mining Co. of Colorado, USA and Nissho Iwai Corporation of Tokyo, Japan, formed a joint venture (70 per cent/30 per cent) and acquired the Endako Mine from Placer Dome. When the price of molybdenum dropped from over US$4/lb to $2.92 /lb during 1997-1998, the IPC was approached to provide assistance in minimizing some of the operating costs as an alternative to shutting down the mine and terminating all of the 350 employees. The consulting firm of KCB-A Simons Ltd. was engaged to conduct the study, which consisted of a review and analysis of the operational and financial viability of the mine. The study concluded that the mine operation would be viable under normal operating conditions. However, to improve cash flow during the period of low prices, concessions would be required in certain costs such as power, consumable supplies, outside services and property taxes. In January 1999, an Economic Plan was authorized to enable the Endako Mine to continue operating while metal prices were low. Unfortunately, the price of molybdenum remained low and deferrals arranged through the Economic Plan were becoming due and payable. In November 2000, the company issued lay-off notices to its employees effective February 2001. The IPC engaged KCB-A Simons to update the previous study for the preparation of a possible draft Economic Plan in an effort to avoid closure of the mine. By year end we were waiting for the report.

[illegible]

The [illegible] Group of Companies manufacture equipment for and are major suppliers to the aggregate, lead, food and food processing industries. Their headquarters is located in Abbotsford, with offices in the US and Barbados and agents in Chile and Germany. The Abbotsford company employs 150 people.

The company approached the Job Protection Commission seeking assistance to strengthen working capital and equity which had been seriously eroded through significant losses experienced in a major contract that had been undertaken.

Intensive arrangements were made to engage a consultant to evaluate the situation and make recommendations regarding potential solutions to the circumstances. [illegible] eventually declined the proposed project and engaged in negotiations with creditors to restructure existing debt and maintain operations. Some ongoing contact and consultation was maintained during the process.

[redacted]

The following [redacted] industries, based on the [redacted] Standard Industrial Classification (SIC), have been designated by the Lieutenant Governor in Council pursuant to Section 5 of the *[redacted]*:

[redacted] (011) – [redacted]

[redacted] (013) – [redacted]

[redacted] (033) – [redacted]

[redacted] – [redacted]

[redacted] – [redacted]

[redacted] (421) – [redacted]

[redacted] (491) – [redacted]

[redacted] – [redacted]

[redacted] – [redacted]

[redacted] (25) – [redacted]

[redacted] (32) – [redacted]

[redacted] (34) – [redacted]

[redacted] (37) – [redacted]

[redacted] (381) – [redacted]

[redacted] (510) – [redacted]

[illegible]

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

Canadian Cataloguing in Publication Data
British Columbia. Ink Protection Commission
Annual Report – March 4, 1991/December 31, 1991 –

Annual.
Title from cover.
First report covers 10-month period May 4, 1991
to Dec. 31, 1991.
ISSN 1192-1099 = Annual report – British Columbia
Ink Protection Commission

1. British Columbia. Ink Protection Commission –
Periodicals. 2. Manganese policy – British Columbia
– Periodicals. 3. British Columbia.

HD9717.C4 Z338'.74 354.71'0088'24 CIP/1-8922387-2